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RESEARCHES
IN THE
HISTORY OF ECONOMICS

RESEARCHES
IN THE
HISTORY OF ECONOMICS

BY
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Recherches sur la vie de
l'abbé de la Roche

TO

THOMAS ERSKINE HOLLAND

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INTRODUCTION

To determine what part preceding generations have contributed to the theories of economics as well as to the practice is a problem generally solved in an incomplete fashion. Nearly all writers limit their researches to classical antiquity; they put forward, therefore, solutions which are of necessity insufficient, and confuse, moreover, ideas relating to facts with those which are purely theoretical.

Some, belittling their subject, confine themselves to demonstrating that, all things considered, our obligations to the ancients are slight; others, on the contrary, tax their ingenuity to magnify the contributions of Greece and Rome. According to the one opinion, there were not only insurmountable obstacles in the very organism of Greek and Roman society, but also the thoroughly military spirit, the ceaseless political preoccupation, the philosophic tendencies were opposed to all discussion which

touched, however superficially, upon the nature and causes of wealth. According to the other view, it would be a crying injustice if we did not proclaim aloud the merits of several great men of classical times, and assert the important part played by many a thinker in his careful scrutiny of isolated problems, or in his approximation to the conception of science itself. Thus, the origins of economic theories are pointed out in the maxims of the Pythagoreans and of the Sophists, and in this way Socrates' precise conception of the great division of political science into financial science, knowledge of military affairs, and political economy is brought to mind, as well as the enlightened teachings of Thucydides, Xenophon, and Aristotle, not to mention other illustrious names. Rome is not forgotten in this laudatory enumeration; Cicero, Seneca, and Pliny the Elder are cited, and pains are taken to attach more weight than is perhaps due to some opinions of Cato and Varro, and, above all, of Columella.

Political economy is in truth the creation of what has been called the European genius. To the twelfth and thirteenth centuries of our era is attributed the appearance of this new spirit, in which the experience of former races entered,

in combination with the aptitude of young and vigorous nations, upon a mission, which exacted, not only great political talents, but also an endurance which could face all difficulties, and a matchless subtlety.

The European genius has triumphed: it has gloriously asserted its hegemony throughout the world, and everything tends to the supposition that it will yet be able to hold it for a long while. In the already long series of its efforts and struggles it has profited by lessons given by peoples other than the Greeks and Romans; it has assimilated discoveries which those nations never made; it has utilised and developed institutions which existed when no culture had appeared in the Hellenic or the Italic race.

We may be sure that without the legacies left by oriental races and inherited by the Middle Ages (thanks to Byzantium, thanks to the various political formations which arose on the northern coasts of Africa and in Spain, thanks to humble intermediaries, among whom first mention must be made of the Jews and Syrians), European civilisation would not be able to display that marvellous aggregate of works which will redound to its lasting honour. Whatever the debt of gratitude our forefathers

owed to Greece and Rome, the pursuit of all which makes up material comfort, activity in industrial production, the aptitude of communicating with the foreigner, and thereby exchanging the fruits of labour, were taught or transmitted to them either by people of the Semitic race, or by those among whom the Semitic element had deeply penetrated, they themselves having inherited from races that had long before made some figure in the sphere of history, and had perfected mechanical operations, trades, and inventions. To results brought under this double influence the founders of western civilisation have added their capacities for organization, their spirit of curiosity, their dogged perseverance, and, above all, their ardent and unconquerable instinct for liberty.

We owe inestimable blessings to Hellenic culture. From it there come to us those which, with liberty, are reckoned the most precious of all: science, impartial and disinterested research into causes, and, thence truth, love of such research, which always was and still is the most powerful and most effective agent in all progress. It is sufficient to say that in political economy, as in so many other matters, it were ingratitude to dream of even diminish-

ing the importance of the services which Greece has rendered the modern world. Moreover, even after the disappearance of the Greek and Roman world, the impulse given by the thinkers of antiquity was felt in all that is connected with the manifold problems included in this subject. It has been rightly said concerning the passages in the *Nicomachean Ethics* and the *Politics* of Aristotle touching two essential points in the theory of wealth, the utility of money and interest, that they were the starting-point of the political economy of the Middle Ages. They gave rise to the first controversies; they formed a basis for the speculations whence issued a series of theories which finally were combined into a systematised body of doctrine.¹

The *Nicomachean Ethics* were known in Western Europe during the first years of the thirteenth century through Latin versions derived from the Arabic or Greek text: the *Politics* had been fully made known through the Latin translation taken from the Greek text by Guillaume de Moerbeke in 1271. Up

¹ Charles Jourdain, *Excursions historiques et philosophiques à travers le moyen âge*. "Mémoire sur les commencements de l'économie politique dans les écoles du moyen âge," pp. 423 et seq.

to that time no attempt worth mentioning had been made which might have tended to explain, and co-ordinate economic phenomena. In an epoch which had already produced men of the highest distinction it is scarcely worth while citing Gulielmus de Conchis, who divided science into two principal parts, the one, wisdom, that is to say the true and certain knowledge of things, the other, eloquence, that is the manner of properly expressing this knowledge. He also placed economics at the head of the practical part of wisdom, and defined it as the manner of governing a family : *Et est echonomica quae docet qualiter unusquisque debeat dispensare propriam familiam*. But as soon as the Aristotelian tradition was renewed the situation became modified, and the transformation completed.

St. Thomas Aquinas had already struck out a certain number of ideas bearing upon economic questions. His example was followed: discussions were opened up; the propositions so formulated found disciples and opponents. Economic science was, it is true, still far from being constituted; the various problems were even treated usually under the head of simple consequences of principles, or of questions pos-

sessing more importance. It happened nevertheless that attention was drawn to a whole order of facts hitherto neglected, the importance of which was not long in appearing. At the outset the greater number of writers were under the influence of theological prepossession; their studies chiefly turned upon points relating to the distribution of wealth; they neglected its production and consumption. The outlook widened; the human mind traced out for itself a new path, along which jurisprudence followed on the heels of theology, a path which led to a defined domain forming a distinct part of general science, that of political economy.

In studying the economic problems born in the heart of European society, and in examining the progress made during the last part of the Middle Ages, it should be thoroughly realised that it was comparatively late when the chief branches of the Aryan race took part in the leadership of humanity. A whole aspect of the life of the nations seems to have escaped their notice for a long time. As a general rule, the European peoples were, for several centuries, dependent upon outsiders for the things which helped to satisfy material needs of life, the instruments of production, manufactures, and

commerce. Those exceptions who succeeded in emerging from this inferiority did so only by imitating the methods that had been employed long ago by peoples of another race, or by carrying off from them their skilled workmen. It may be said that, in regard to all articles of luxury, this position of inferiority lasted up to the seventeenth century. Nor does the observation hold good only for material productions: it is true also concerning those institutions more peculiarly associated with the ease of life; it is especially true of a fairly long list of financial, commercial, and maritime institutions, and of the jurisprudence which regulates them or tends to sanction them.

It is not even easy to draw up a balance-sheet of all that Aryan culture has thus borrowed, because every moment new points come into view which fling back into the distance of vanished centuries some invention that had been thought recent, so giving the credit of it to others than those who have long usurped the honour.

History does not pronounce irrevocable sentences. Its decisions are always liable to be contested, refuted, revised. It scarcely decides but rather suggests. It has not, like the law,

invented that too easy and convenient fiction of the immutability of judgments. Nothing definite, therefore, is known about the origins of all our civilisation, and concerning those first essays in satisfying material needs to which we have just referred. It is not even known in what proportion the nations who transmitted them to the Aryan nations had themselves borrowed from others.

The collaboration of all the races in the work of mankind is undoubted; but to assign to each its part is impossible. Take the case of Babylon, for example, to whom the Aryan world is indebted for certain ideas and useful methods. Like Nineveh she was founded on Accadian civilisation, which has manifested its strength through enormous structures, and has inspired those colossal monarchic despotisms, so far removed from the liberal mind of the Aryans and the anarchist instinct of the primitive Semites. The mission of a people, whether of Babylonians sprung from a fusion of Semites with Accadians, or of Phœnicians, a mixture of the children of Ham and Shem, or of peoples purely Semitic, is, moreover, not to be disparaged because it happened to have been the mission of distributor, middleman, or broker.

All things considered, they may claim an original sphere; in every case they improved all that they inherited from prior civilisations. The Babylonians' share in economics and jurisprudence is considerable. They were familiar with the contract of society, the giving of bail, lending at interest, and mortgage. It is extremely probable that they had a uniform system of weights and measures. They possessed the technique of an extensive commerce. They employed money as a means of exchange; and, to avoid the risks connected with the transport of the precious metals, they had recourse to a bill drawn in one place for use in another, the *sipartu* or missive, a clay tablet, having inscribed on it with a stylus the order to pay, which was afterwards hardened in a furnace.

The Phœnicians made such progress in the science of navigation as was not surpassed until the end of twenty centuries. They founded maritime commerce, and introduced into business affairs a number of regulations which the science of law utilised and systematised. The dominion of the Asiatic monarchies extended over vast territories: the trading-houses of Tyre and Sidon were established even in the most distant countries.

Still other peoples helped in the unceasing work of diffusion. War served for this purpose almost as much as peace. It levelled frontiers, and opened up the road to remote places. It brought the most diverse of nations into contact, and led to that ceaseless intermingling which is a distinctive feature in the development of the Asiatic continent. It stimulated the diffusion of processes and methods of labour by the cruel practice of the great conquerors who transported skilled workmen, and thereby planted industrial groups in countries hitherto ignorant of art or trade.

Coming closer to Europe, we find undeniably established the enormous influence exercised by the Phœnician genius over Ionia, where the great qualities of the Hellenic race first blossomed. This is a fact which must not be passed over any more than the influence of Phœnicia upon the Archipelago and continental Greece. No doubt the argument which tries to prove Hellenic civilisation to be purely Phœnician is an erroneous one, but behind this exaggeration stands a measure of incontestable truth.

The conquests of Alexander were the brilliant confirmation of the vigour of Hellenism. A new act was opened in the gigantic drama of history,

which, according to Élisée Reclus, is nothing but a ceaseless struggle between Asia and Europe with varying fortunes. Greek culture spread in Syria, Mesopotamia, and India. Rome in turn tried to force upon the East the ideas of the West; but the attempt failed; the vanquisher yielded almost immediately to the irresistible domination of Asia.

Later on, the empire of the Cæsars was invaded from the north by barbarian hordes, hurled upon it by Asiatic Europe and Asia. By degrees even the concentric circles, which, to use a metaphor, spread themselves out on the shores of the Mediterranean, were encroached upon. The northern regions fell under the power of races manifesting their characteristics for the first time, while the East and South were subjected to the work of permeation. Byzantium was clear evidence of the influence of Asiatic ideas. Africa and Spain, where the work of Rome had been pursued unswervingly, ended in being the domain of the votaries of Islamism, that extraordinary movement, at once ethnic and religious.

Byzantium helped to make Asiatic ideas penetrate into the west of Europe. In the political sphere she was the model of absolutism,

thus exercising a fascination over governments. The Byzantine monarchy was a strange system. It was of a completely sacerdotal character, and exaggerated the fundamental principles of ancient Asiatic empires. The supreme head was God's Vicar. His rule extended over the whole world; it embraced the lands known and unknown. Outside it there was neither happiness nor safety for the people. To be the agent of this power was to be invested with a religious dignity: the obtaining of public offices was the receiving of a sacrament, and those elected prepared themselves by prayer and communion. Rebellion was the gravest sin. The guilty one was anathematised, and his crime stigmatised as "apostasy."

There was no idea of true liberty in any one sphere of activity, whether in the industrial development or the administration generally. Monopoly was most rigorously organized. Regulation from top to bottom seemed to be the most reasonable of systems. It may be said that it was chiefly from Byzantium there came the manifold ideas of repression and regulation to be met with in the history of western political communities, where they conflicted incessantly with ideas of liberty. Is it necessary to recall

to mind on this point that wherever the spirit of liberalism has been vanquished ruin has supervened? In economics as in politics the principle of authority is repugnant to human nature, and corruptive of it, and leads inevitably to a lamentable downfall. The history of economics confirms this. Industrial liberty, commercial liberty, the abolition of fetters,—such are the conditions of progress.

We shall return to the system of excessive regulation, as well as to the organized monopoly of the East, and its injurious effects upon commerce and industry. Here we shall only call attention to the fact that although the Byzantine monarchy ruled the coasts, to which all the highways of Asiatic commerce led, it could not contend with the vigorous communities that had grown up in Italy, which took away the greater part of the maritime trade. There were Greek merchants in the majority of European countries, who were supplanted by Italians, Slavs, and by the Scandinavian element. The influence of the Arabs did much for the organization of customs and the fiscal system. They themselves had borrowed largely from the institutions of the peoples they had conquered, and it was thus chiefly that they modified and made more con-

genial the laws followed by the Byzantines. The governments they established in Asia, Africa, and Spain served in more than one respect as models to the Christians. Whatever of their institutions was copied by the Frankish principalities of the Latin East became the more readily adaptable to the West. But there is more to be said. In Sicily the Byzantine and the Arab rule successively produced an order of things which the Normans upheld and utilised, and which Frederick II. wove into his concept of the State. There an interesting piece of work began to operate which has been insufficiently elucidated, and even generally ignored, but which has a deep signification for the theories of the modern world.

A no less important point is that Musulman culture gave to the mind the first impulse towards research and enterprise. Arab travellers have led the way and guided Europeans into farthest Asia. Arab merchants had trodden out the paths to Tartary, India, Farther India and China, to Sumatra, Java, Borneo, and to the East Coast of Africa, long before European traders had dreamed of venturing into those distant parts. Europe is thus seen to have been enabled to profit by the gigantic work of

unification carried out in Asia by the Mongols in the thirteenth century, and to assimilate the discoveries, the elements of economics, the industrial or mechanical methods of the East, of which, through the Crusades, but part had been known, and that imperfectly.

The use of the compass, gunpowder, books engraved on wood-blocks, paper money, astronomical lore are so many fruits gathered through the intercourse Europeans have maintained with Mongols. Progress in the art of engineering and in the use of projectiles, development of the study of geography, medicine, botany, and mathematics, these were some of the effects of contact of the West with Arabs during the Crusades. To all this should be added a higher consideration, the widening of the circle of opinions and the destruction of prejudices and errors. In this connection there arises an interesting question brought forward by Abel Rémusat, when he asked if it were possible to decide what the centuries would have been which followed the thirteenth, had they been deprived of the imposing mass of new ideas in respect to history and geography, and religious and public opinions, which were all at once introduced into Europe by the trade with Eastern Asia.

If a close examination be desired of the work of permeation, of which some striking effects have been just pointed out, the tradition which operates in practical labour must be considered. Books, too, must be taken into account, and the teaching of the schools, often more influential than books. Take for example chemical knowledge. What is true about that applies to more than one art. The traditional precepts of practitioners, communications transmitted by guilds, professional memoranda kept in families, have perhaps done more than instruction for the preservation, use, and perfecting of many a craft. In his book upon chemistry in the Middle Ages, M. Berthelot sets forth the continuity of the methods for the working of metals, for the use of colours, and in the ceramic art, from the time of Greco-Egyptian civilisation in the land of Egypt itself, throughout the duration of the Roman Empire, during the Carlovingian period, and even later.

We possess only rare specimens of the literary productions of oriental peoples concerning technical methods. Of this, one explanation has been given, according to which the ancients would have thought it profanation to apply writing to such subjects. There is, however, one such work, which is said to be the

opening part of a Babylonian treatise, and for which reason and justification are given in the fact that the subject was considered as touching upon what pertains to a sacred art. This is the explanation of the "Treatise on Nabathæan Agriculture," known to us through an Arabic version of the tenth century of our era. It may be indeed that some collected writings have existed in remote times on the subject of the professions and trades, their methods and traditions, but they have been totally lost. The remains of King Ashur-bani-pal's library form a mass large enough for their contents, if put into modern books, to fill more than five hundred volumes of five hundred quarto pages. Among them is to be found information concerning diplomatic relations and the statistics of tributary countries. There is also to be seen among them a catalogue of Assyrian cities, mentioning the sums which they paid, or the contributions they furnished in kind—in grain especially. Would there have been anything astonishing if the same works had given special attention to manufactures and the methods employed? Time has indeed destroyed important documents, but human action has shown itself more destructive than time. Let us not forget that Diocletian in

the year 290 caused old books on alchemy of industrious Egypt which referred to gold and silver to be burned in order that the Egyptians might not enrich themselves by this art, and so make it a source of wealth to enable them to revolt against the Romans.¹

The continuity of scientific teaching deserves to be noted. We know the part played in the history of mediæval civilisation by the schools of Spain, Cordova, Seville, and Valencia, which united the West to Hellenic thought. They were the rivals of centres not less famous—Bagdad, Samarcand, and Cairo. For nine hundred years Musulman culture influenced an immense part of the then known world. The reign of Bagdad lasted five centuries, and chiefly through Bagdad the teachings of India, represented mainly by Benares, spread far and wide. Jews and Syrians zealously rivalled each other in this movement. The Jews assimilated the Arab tongue, and it was they who initiated the western Latin writers of the twelfth and thirteenth centuries in the Greek and Arabic traditions.

In the sixth century of our era, the scientific

¹ Berthelot, *Collection des anciens alchimistes grecs*, Introduction, p. 4.

work of the Syrians had begun, which was to be prolonged up to the thirteenth century, and exercised some influence over the Musulmans and the Byzantines, and over the Latin colonies in Asia Minor at the time of the Crusades. Nisibis in Mesopotamia was one of their most flourishing schools, on which was reflected the teaching of the School of Harran, that refuge of the Sabians, worshippers of the stars.

The points of contact are thus made clear, and explain the interchange of opinions. Nothing escapes the influence of the past. The terrifying dreams of mediæval superstition in the West are derived from the earliest days of mankind. Babylon gave birth to the strange speculations of the cabalistic Jews, furnishing the food for their already disordered imagination. Mohammedanism flung into the world the yearning towards the marvellous. So that, in considering the systems built upon pure reason, the initiators of Scholasticism may be connected with the School of Alexandria, whither flowed Hindu doctrines and those of the East properly so called. Spinoza is linked to the Jewish Arab, Avicbron, and to the Musulman Averroes, who themselves trace back to the Hindu philosophers.

RESEARCHES

IN THE HISTORY OF ECONOMICS

CHAPTER I

THE BYZANTINE AND MUSULMAN INFLUENCES

THE invasion of the barbarians struck a terrible blow at the industry and the commerce of western Europe, which beheld ruin and desolation succeeding an era of prosperity. Flourishing cities gradually disappeared. Trade came to an end. The blow was such that centuries were needed to make good the loss. Yet proof is not lacking that praiseworthy attempts to do so were made in some of the kingdoms founded by the Germanic peoples. Towards the end of the eighth century a gigantic effort was made in the vast regions subject to Charlemagne. But the situation did not really improve until the towns took up the civilising function they were to fulfil up to the time when nationalities were becoming consolidated and governments centralised. A

few privileged nooks alone had escaped disaster and misfortune, such as those in Italy which were occupied by communities favoured by their geographical situation, and for which the sea opened easy communications with the Levant, ever the goal of commercial enterprise.

The resisting power of Byzantium enabled her to withstand the furious attacks of the Germanic and Slavonic tribes. She emerged from the struggle bruised. Yet little by little the invaders settled down, and the imperial system reasserted itself. In the tenth century, as Rambaud remarks, outside the empire as within its bosom, modern eastern Europe appears to us in its main outlines and constituent racial elements.¹ To its sway, stretching over Thrace, Macedon, Epirus, Greece, Asia Minor, and Syria, the Byzantine monarchy linked, by bonds more or less loose, certain other countries. In this way the commercial high-roads towards Central Asia were easily enough maintained, while there were facilities for the journeys and expeditions of the Greek merchants that ventured into the northern and western regions of Europe.

We have not to investigate profoundly the economic activity of the Byzantines. What we

¹ Rambaud, *L'Empire grec au X^e siècle*, Préface, p. xiv.

desire to bring forward is the political system of the Byzantine government, its erroneous conceptions, its defects, and the inevitable decadence in which they ended. The field of operations, however, was vast. The activity of merchants, the bold initiative of travellers, the laborious habits of the population, formed so many other elements of prosperity and wealth.

The perpetual intervention of authority and its unceasing surveillance was a serious obstacle to progress. This was derived quite as much from the notion of the superiority of the governing classes, and from the scorn they cherished for the governed, as from the never-ending need of money in which they were placed and the necessity of imposing duties on everything that could produce them. Industry had been turned into a series of monopolies. The habit of trade organization had been customary at Rome. In the second century of our era the government had itself imposed on it, with most injurious results, a compulsory and hereditary character in such wise as to convert a trade or art into an actual public service. The system had developed to a high degree in most of the towns of the Eastern Empire.

By the side of this appeared the distrust of

the stranger. Foreign merchants used to obtain privileges—but at the price of all liberty of action. They were confined in appointed quarters of the towns, subjected to innumerable acts of police supervision, and always regarded as suspects. Their gains were limited. They could buy only certain goods. They were not allowed to exceed a fixed figure. The agents of the State watched and inspected. As a mark of the authority of their commands or prohibitions, they granted or refused the imperial stamp which was indispensable for the export of commodities.

Some information as to the industrial monopolies of the Byzantine empire will warrant the forming of an opinion. As far as concerns Constantinople, we have the *Book of the Prefect*, an edict of the Emperor Leo VI., the Philosopher, dating from the early years of the tenth century, from which it is possible to get precise knowledge of the decrees affecting the corporations of the capital.¹ Nowhere was corporate organization so developed as at Constantinople: the

¹ *Le livre du préfet ou l'édit de l'empereur Leon le Sage sur les corporations de Constantinople.* Traduction française du texte grec de Genève par Jules Nicole, avec une introduction et des notes explicatives.

professional collegia, the unions of workmen, of traders and of artists, formed so much administrative wheelwork. The grandmaster of all the corporations was the prefect of the city, the representative, it need hardly be said, of the all-powerful Emperor. Everything rested or hinged on him, the method of recruitment, the election of heads, all the acts of each of the unions. It was he that directed, overlooked, punished. Thus was public authority absolute master. It settled the prices of raw material, and the mode of working it up. It banned industrial methods obnoxious to it, allotted the master's profit and the workman's wage. In order to fulfil these manifold functions, it had its agents, its spies, and its informers, going so far as to impose on all the members of trading bodies the duty of denouncing offences. Penalties were plentiful. "Enormous fines," writes Jules Nicole, "confiscations, banishment, whipping, complete loss of beard and of the hair,—such were the common sentences." A further very severe penalty consisted in the wide-reaching control of the corporation—in other words, the forfeiture of the right to follow an art or trade.

Is it necessary to say that this regulative procedure was not limited to the capital, that it

was introduced into the smallest towns, that, wherever the imperial government established its power, it enforced its policy of restrictions and prohibitions? The central power, moreover, reserved to itself the manufacture of certain articles. It possessed workshops where slaves' labour was turned to account. It preserved with jealous care the corn monopoly. Against all foreign competition it raised the barriers of a customs system pitiless in its exactions. The wars undertaken, it is proper to add, for the defence of the empire, involved immense charges; but much more than by wars were public resources absorbed by the extravagance of the court and the administration. A perfect army of collectors, of fiscal agents, was charged to gather into the treasury taxes which continually grew heavier. Poll-taxes and direct taxation on private property, dues on provisions, on merchandise and on industry, extraordinary imposts of every kind, conscription of soldiers and seamen, to be escaped only by money payments, and in times of necessity direct taxation increased threefold by way of penalty,—all this literally crushed the population. Distress led even to such a detestable measure as the debasement and depreciation of the currency. A

time arrived when there were two kinds of *nomismata*, of gold pieces: in receiving taxes the treasury accepted only coins of heavier weight, in making payments it threw into circulation the lighter pieces.¹ The issue may be guessed; ruin was present there, and the enemy without did but make it manifest rather than call it down. Byzantine trade was in jeopardy, the industry of the empire at an end.

The organization of the Mohammedan governments offers more than one feature of special interest, in regard to which information sufficiently precise is furnished by Musulman authors. Mâwardî, Chief Justice at Bagdad in the first half of the eleventh century, has left seven works on general and administrative law. Clues have been supplied by other writers, such as Suhrawardî, Ibn Khaldûn, and Makrîzî who dealt more especially with Egypt.

Moreover, not only common practice has been studied and described. The very aim of political society has been made the object of the meditations of Mohammedan statesmen and philosophers. Ibn Khaldûn, a philosophic historian who participated in the great events of his age,

¹ G. Schlumberger, *Un empereur byzantin au X^e siècle, Nicéphore Phocas*, p. 538.

insists repeatedly on the absolute necessity men are under of forming a social union. He treats more especially of the significance of *Imrân*—that is to say, civilisation—pointing out the two theories constructed in regard to it—the one basing authority on a law which God has sent down from heaven, and is obeyed in the belief that recompense will follow; the other basing this same authority on a system of government derived from reason.¹ He reviews likewise the

¹ In his *Historical Prolegomena* Ibn Khaldûn expounds the philosophy of history, for as object of his study he takes the human race under its social aspect—that is to say, as living in civilisation. His teaching is to the effect that here arises a separate science. "The object," says he, "is special—viz, the civilisation of human society, wherewith are connected certain problems, these being the varied accidents by which civilisation is accompanied as a consequence of its very nature. This science," adds the great Musulman writer, "is no part of rhetoric, of which the aim is to compose discourses suitable to win the public over to, or to dissuade them from, a particular opinion. Nor does it form part of the science of good government which offers to families or to the state a doctrine in conformity with the laws of morality and philosophy." Ibn Khaldûn declares that this science of the philosophy of history may be regarded as a "new science." He says, "I am unaware if any one of all the writers I am acquainted with has discussed the subject, but I think not. However, it might well be that this matter has been dealt with and exhausted without such a work's having come down to us, the sciences and the savants that have existed among different peoples being so numerous. The number of the sciences that have not survived to our time

economic institutions which have been created to attain the end of every kingdom, of every community.

Must it be proved that the actions and principles of the world of Islâm have a utility of their own, and that this utility becomes all the greater when it is borne in mind how frequent has been the contact of Christian peoples with Arab culture?

Here is a point to be noted. In their conquests the Arabs were by no means inspired by the mere spirit of destruction. They were traders for ages before Mohammed. They never ceased to follow business pursuits with eagerness,

therefore much exceeds what have come down to us. Where is the knowledge possessed by the Persians of old, whom Omar (may God pardon him) condemned to destruction although he had subjugated their country? Where are the sciences of the Chaldæans, of the Syrians, and of the Babylonians, with all the monuments and productions that have sprung from them among these nations? And where are the sciences of their predecessors, the Copts? In effect only the sciences of one single people have been conveyed to us—those, namely, of the ancient Greeks,—a circumstance to be mainly attributed to the zeal with which the caliph Al Mamûn had extracts made from the books written in the Greek tongue, to the help rendered him by the multitude of his translators, and the treasures he could command in support of such an enterprise. We know nothing, then, of the sciences of any nation other than the Greeks."

and in the countries subject to their sway they generally preserved the industries of the peoples they had vanquished. "The Levant of Hârûn-al-Rashîd," observes Heyd, "is much richer and busier than the kingdom of Heraclius and Justinian. The caliphs looked after and cherished agriculture and manufactures."¹ The remark applies to most of the countries conquered by the Arab race. Their new religious ideas were nowise incompatible with material activity. The conversion of the "infidels" was doubtless one of the prime motives of their expansion; but by the side of this they had other objects not less desirable, and among them the acquisition of wealth. Mohammed admitted that believers pursued equally their pilgrimage and affairs of business. A visit to the holy places was accomplished chiefly by means of the caravan, and in the language of the Musulmans of India the idea of a pilgrimage and that of a market were expressed by the same word. The roads and caravansaries of the Musulman world, carefully established for the safety of the pilgrims and merchants, were also of use for the

¹ Wilhelm von Heyd, *Histoire du commerce du Levant au moyen âge*. French edition by Furey Raynaud, vol. i. p. 25.

maintenance of order, being, as it were, the right arm of the government.¹ Even when difficulties were solved by force of arms a practical spirit retained its influence. In the train of war doubtless abominable cruelties followed; but there are indications of the respect for cultivated fields and peaceful inhabitants which, as conquerors, the Arabs observed. The great wisdom with which they organized a new system has been emphasised.

A characteristic quality of the Semitic race is their scorn of political authority, their burning love of liberty. Essentially their life is the nomad's, the life of the tent. With them there is no sovereign authority, nothing resembling a master—the sheikh is, in short, only the first among equals. He is elected by his comrades, his office being that of peacemaker and arbiter. Submission to his decisions is a voluntary act, inasmuch as the minority can always separate itself from the majority and form a new community. Whoever thinks himself wronged is able, without a breach of social duty, to snap the weak links that attach him to the general

¹ R. Thomassy, "Des caravanes de l'Afrique septentrionale." *Bulletin de la société de géographie de Paris*, 2^e série, vol. xx. pp. 141 et seq.

body, and to take refuge in isolation.¹ These were of old the manners of the primitive Semites, and are still the customs of the Bedouins of our time. At a given stage in their development, however, several branches of the Semitic race founded governments. The extract from Ibn Khaldûn already quoted has shown how the early Arabs justified logically the existence of the social union under the aegis of a single authority, and proclaimed its necessity. It is interesting to show how in the sphere of theory anarchy, the bed-rock of the Arab genius, found its expression and its confirmation. In the discussions of their schools, the clash of systems, their imperious demand for independence, their fierce scorn of authority appeared. Ibn Khaldûn shows us their ideal society, their "perfect city," built, apart from all physical domination, devoid of all law or human precept, by the sages that seek simply the greatest perfection of man, and are subject to no paltry considerations of political or national interest.

Musulman influence on the European world was exerted notably by the governments that rose up on the African shores of the Mediterran-

¹ Élisée Reclus, *Nouvelle géographie universelle*, vol. ix. "L'Asie antérieure," p. 880.

ean. Northern Africa had been conquered by the Vandals; somewhat later the authority of Byzantium was re-established there by Belisarius. But the Berbers by their unceasing attacks had worn out the Latin-speaking population, and advanced threateningly. At the opening of the seventh century the Goths of Spain had in their turn thrown themselves into the important province of Mauritania Tingitana. Towards the middle of the same century began the invasion of the Arabs, who established their dominion over the Roman population and subjugated the Berbers.¹ The conquest of the country achieved, the possession of it lasted for two hundred years until the Berber element, which had adopted only the religion of the conquerors, recovered its autonomy. In reality the stamp of the governments that were established at several points was that of Arabo-Berber sultanates. A portion of the population remained nomad. Another portion took to sedentary life, becoming formed into two distinct groups, citizens and soldiery. The military caste were classed as *jonds*, divisions or brigades, in which the

¹ Ibn Khaldûn, *Prologomènes historiques*, in the *Notices et extraits des manuscrits de la Bibliothèque nationale et autres bibliothèques*, vol. xx. p. 92.

fighting-men were inscribed on the rolls, had their pay provided from the booty or tributes, and were organized according to kinship.

The Musulman governments were based, from a religious point of view, on the will of God and on the obligation to maintain worship. Practically in course of development they verged nearly all in one direction. The prince possessed large productive domains and devoted himself to commerce. He levied taxes fixed by tradition, and if these were insufficient it was incumbent on his officials to find more ample supplies. In the towns there were signs of certain democratic currents, relics, it might be said, of the ancient freedom of the desert. More particularly as regards Africa, it is possible to observe the formation of a genuine municipal power. The population were industrious, and were, moreover, as bold as they were skilful in the handling of weapons. Arts and trades flourished, the trade societies affording the means of mutual protection. Without written rules but by the force of well-established custom, elective magistracies were constituted.¹ In the eleventh century northern Africa enjoyed great prosperity, owing

¹ Ibn Khaldûn, *Histoire des Berbères*. Traduit de l'arabe par le baron MacGuckin de Slane, vol. i., Introduction, p. xix.

chiefly to the trade in grain, sugar, and oil, to the manufacture of wool and silk, and dealings in the products of the Soudan and the interior of the dark continent.

Ibn Khaldûn completed the composition of his *Historical Prolegomena* in 1378. At this epoch intestine divisions and dynastic rivalries threatened with a speedy fall the Arabo-Berber states. A skilful politician, he does not hide the gravity of the situation. He draws attention to the faults committed, and points out the road that should have been taken. Many of his criticisms hit the financial system. "In a young empire lately founded," he says, "taxes are light and bring much in, but when it approaches towards its fall, they are heavy and unproductive. The cause of this is as follows: if the founders of the empire walk in the path of reason, they levy only the imposts authorised by divine law—that is to say, the poor-tax, the land-tax, and the poll-tax paid by Jews and Christians. Now, the tithe paid in coin is little burdensome, as every one knows (it was at the rate of $2\frac{1}{2}$ per cent). That on corn and cattle is not heavy, this being also the case with the poll-tax and land-tax, inasmuch as the assessment of the impost is fixed by law, and cannot

be increased." Ibn Khaldûn shows how the needs of the empire increase unceasingly and the sovereign has to look continually for expedients. He blames especially one of the habits of the Musulman rulers. "When the revenue of the State is no longer enough, it is sought occasionally to increase it by means of commercial and agricultural enterprises carried on in the name of the Sultan. This is a grave error, and injurious in many respects to the interests of the people. The buying of cattle and goods is made difficult for the husbandman and trader. There is forced sale on bad terms. Things cannot be disposed of by regular sales. Private persons are exposed to a disastrous competition at the very time when they are already competing up to the limit of their resources. In any case, the prince's revenue in the upshot suffers considerably."

In preceding ages there had been more than one epoch of prosperous administration. If the machinery of government in those periods when Musulman state policy shows to some advantage is closely looked into, clear indication is found in each sultanate of a certain number of "dîwâns" or offices established in imitation of the offices of the first caliphs. Under Omar

were founded the "dîwân" of finance and the war-office, to which other offices were added. In the eleventh century all the functions of administration were in most of the Moham-medan governments distributed among four "dîwâns," which were afterwards supplemented by two new departments.¹

The "dîwân" of finance took a high place in the organization of the Arabo-Berber governments, being one of its "three pillars," for according to the proverb "a kingdom could not be maintained without an army, without money, and without the means of corresponding with persons at a distance." This dîwân which controlled matters of finance had within its province the management of the customs. Import and export duties on merchandise formed the chief profit the sultans looked for from their commercial relations with foreigners, especially with Christians. Such profits were not their only ones, for the ruler was one of the greatest merchants in his kingdom, owing to the sale of the products of his estates as well as to the purchases he made for his court and for the government of vessels, arms, and articles of

¹ Joseph von Hammer, *Ueber die Länderverwaltung unter dem Chalifate*, pp. 93 et seq.

European make. Most of the transactions of foreign merchants were carried on likewise by means of interpreters at the custom-house, which was itself answerable in respect to them. Thus the control of the customs was everywhere one of the high offices filled by princes of the blood, or personages of high rank. The importance of its functions appears from the consideration that the controller of customs, the *kâyid* or *al-kâyid*, was the protector of foreigners in their intercourse with the native inhabitants, that he supplied at need the place of the consuls, and that he often received from the sultan full power to negotiate treaties.¹

During the period of their conquests in Asia the Arabs had borrowed from the Byzantines the institution of a custom-house, which was limited then to the levying of dues and the purchase of raw materials, particularly of silk, for the factories of Constantinople, which were managed by the imperial treasury. Under the Arabo-Berber governments, however, the department of customs became, as it were, the foreign office. External policy and diplomacy generally,

¹ L. De Mas Latrie, *Traité de paix et de commerce et documents divers concernant les relations des chrétiens avec les Arabes de l'Afrique septentrionale au moyen âge*, p. 186.

in fact, led to the conclusion of commercial agreements.

The treaties that were come to between the sovereigns of northern Africa and the Christian governments show that the import duties varied from 10 to $11\frac{1}{2}$ per cent, the export duties being fixed at 5 per cent. In addition to these rates there were supplementary dues—interpreters' and porters' fees, scale dues, and dues for weighing, measuring, and bonding goods, all which frequently gave rise to complaints and legal claims. On certain classes of merchandise there were total or partial exemptions, which the Musulman governments granted with the view of encouraging commerce. Such concessions were modified at different places and times. Pretty generally corn, barley, and as a rule all cereals entered by African ports duty-free, as did gold and silver intended for the use of the prince or his mint, jewellery, fine pearls, all articles sold directly to the sultan or bought on his account at the custom-house, vessels, barges, rigging sold to the Arabo-Berbers or to Christian allies. Coined gold and silver paid only half-duty. Nothing was charged for the sales effected among the Christians of all kinds of goods brought into the ports, the customs

authorities requiring nothing more than registration of the name of the new owner.

Some of the principles, regulations, and practices of the Byzantine and Arab governments are met with in the political communities founded in the east by the crusaders, in the Italian cities, and in that strange edifice, the Norman monarchy of Sicily. Chief among the revenues of the kingdom of Jerusalem figured the custom-dues levied on merchandise passing into and out of the towns ; another source of profit being furnished by the farming or monopoly of certain industries. State authority overlooked manufacture, certain products requiring to be stamped (by affixing of *bullae*) before being put on the market. There will be opportunity to point out by facts themselves the Byzantine and Arab influences brought to bear on more than one Italian republic. As to the action of both of these in Norman Sicily, it appears in the greater part of its administrative and economic institutions.

In the south of Italy and in Sicily contact of races had long been at work. There grew up the trading settlements of the Phoenicians and their heirs the Carthaginians ; there were established the colonies of the Hellenic cities of Asia

Minor and from the towns of continental Greece ; there a brilliant civilisation reigned rich in men noteworthy in the history of thought and action. When the Roman empire had succumbed Byzantium exerted its influence over these regions. Though the political connection was loose, the principalities and republics which were formed in the themes of Calabria and Lombardy, and in Sicily, were none the less animated by the Greek genius.

In the seventh century Sicily was for the first time attacked by the Musulman, an enemy that came from the East ; in the ninth century the island became the object of the expeditions of the African Arabs. It was the glorious period of that maritime expansion which was afterwards to be recalled by Ibn Khaldûn when, in his *Historical Prolegomena*, he described "Islâmism become an empire, and the Musulmans subjugating all the countries bordering the Roman sea by the power of their fleets," which he depicted as "falling on those of the Christians with the fierceness of a lion seizing his prey."

In 831 the Arabs of Africa got possession of Palermo, and by degrees extended their conquests, though they had to encounter some heroic

resistance, and to struggle with the forces sent in relief of the Christian population by the government of Constantinople. In southern Italy, as in Sicily, an era opened of commotion, of struggles, and of the attempts made by various elements to establish themselves firmly.

On the continent wars between the Byzantines and the German kings continued; there were revolts on the part of the feudal group of Lombard vassals, of the princes of Palermo and of Capua, and of the Greek cities, as well as frequent interventions by the Saracens as allies, and still oftener their hostile and destructive incursions in quest of spoil. Then the unexpected happened—the coming of Norman knights to lend help against both Saracen and Greek. The rule of the emperors of Constantinople over Italy gave way. Feudalism became established in the south of that country. Finally, in the Sicily which had been conquered by the sons of Tancred de Hauteville was formed a monarchy in which Byzantine and Arab institutions were mingled to issue in new forms, and which was to be modified and completed by the political system of the Emperor Frederick II.

The Berber almost as much as the Arab element had shared in the conquest of Sicily. This achieved, there remained no legal distinction between the two races. Yet in point of fact the division lasted and engendered jealousy, an additional cause of weakness over and above those other causes—the political factions, religious schisms, and the sectarianism which was at the same time factious and schismatic—that everywhere undermined the authority of the Mohammedan governments.¹

Palermo was repopulated by Musulmans from Africa and Spain, and for two centuries and a half it ranked among the most important cities of Islâm. It was the residence of the emirs of Sicily, agents of the caliph, and a centre of the operations by which Mohammedan predominance was established over the other districts of the island. In 900 the Byzantines lost Taormina, the last town that remained in their possession. At the beginning of the eleventh century the emperors of Constantinople assumed the offensive. Divided among themselves, torn by rivalries and religious dissension, the Arabo-Berbers were worsted in many encounters until they contrived to collect their ancient

¹ Amari, *Storia dei Musulmani di Sicilia*, ii. p. 97.

energies. For a second time the Mohammedan power asserted itself; but its triumph was of short duration, and the Norman conquest brought it to an end.

During the period when Sicily was occupied by the Musulmans, whether almost the whole of the island or only some points of it, the condition of the Christian populations subject to the yoke of the stranger was various—some of them had to endure a harsh rule, others by merely paying tribute preserved a condition almost autonomous. The conquerors were divided into very distinct classes. On the one hand were a warlike aristocracy of Arab blood, and learned professions of which the members were generally of Persian origin; on the other were the Berbers, who were conscious of their military valour and of their numbers. The latter maintained more or less completely their democratic organization under elective chiefs.

The political tie which at the outset united the Arabo-Berbers to the caliphate was soon broken. The emir of Palermo proclaimed himself independent. In their turn the Arab aristocracy resisted the pretensions of the emir, and thus Sicily comprised a certain number of

cities ruled by the great families. The *jamā'ah*, the assembly of the nobles, the learned, and the heads of corporations governed, an executive committee being specially charged with the conduct of affairs. It was the *jamā'ah* that furnished the financial supplies which the custom-houses could not obtain. It relied chiefly on voluntary gifts.

Below the municipal administration came the organization of the wards and the usual subdivisions of arts and trades, which formed so many fraternities, the members of which were united by responsibility and solidarity.

Musulman Sicily rose to a high pitch of material prosperity, the country growing rich through its agriculture, industry, and commerce. Flourishing was the intellectual development; poetry, mathematics, geography, astronomy, medicine, and law were studies ardently pursued. Law in particular was the favourite pursuit. The whole jurisprudence of the Musulmans is derived from the Koran, "the book," and from the Sunnah, "the collection of the doings and sayings of Mohammed," and the very idea of law shows how it is still entangled in the precepts of morality and religion: says Ibn Khaldûn, "Jurisprudence is the knowledge of

the sentences passed by God in respect to the various actions of responsible beings."

Important personages devoted themselves to the teaching of jurisprudence, the knowledge of which led to high offices in the State. Nearly all the Musulman writers whose names have come down to posterity had studied law. The great biographical dictionary drawn up in the middle of the thirteenth century by Ibn Khallikân is in this connection instructive. Besides, this point is to be emphasised: that religion, science in general, and law were confused and lay in the spheres both of practice and of theory. It should be borne in mind how well founded is the observation of Ibn Khaldûn: "The sword and the pen are two instruments of which the sovereign makes use in the conduct of his affairs. At the time of the growth of the empire and when it is decaying, it needs the sword more than the pen, but when its power is established it is the men of the pen that are the most useful." Without mentioning the high stations which in Musulman communities were filled by lawyers engaged in the administration of justice and the general direction of affairs, attention should be drawn to the considerable number of "kâtibs," or "scribes,"

employed, some as copyists, others as receivers of the taxes, tithes, and rents fixed on the large domains which all the Arab governments claimed and reserved at the period of conquest, and granted on lease.

CHAPTER II

NORMAN SICILY AND THE GOVERNMENT OF FREDERICK II.

It was in the year 1006 that some galleys of Amalfi brought to Salerno Norman pilgrims returning from Palestine. The town had paid ransom to the Saracens encamped in the neighbourhood. The Normans attacked the Muslims and routed them. A few years later the prince of Salerno was at war with the Byzantines, and applied for help to the fellow-countrymen of those who on a first occasion had saved his possessions. This appeal was answered by some bands of bold adventurers, among whom were the sons of Tancred de Hauteville.

Fortune smiled on the Normans, who soon formed in the country they had delivered a kind of military aristocracy. A dozen chiefs of the little army laid claim to the control of different towns. Melfi became their capital, and Guil-

laume de Hauteville was recognised as being truly first among equals. In 1059 he obtained from the Pope the title of duke. In 1061 the Normans crossed the strait and began the conquest of Sicily. Long years of fighting ensued. In 1090 Palermo fell into the power of the invaders, and during the first half of the twelfth century, in the reign of Roger II., the new rule was solidly established.

The doings of the Scandinavian peoples have been noted as one of the causes of the tremendous agitation which, half way through the Middle Ages, manifested itself in Europe. In fact, the movement of these peoples was extraordinary, and was at work at nearly all points of the continent. There was no country (so to say) which was not exposed to their warlike expeditions, or escaped contact with their rough energy, — no country which did not undergo, even at the price of suffering, the influence of an indomitable will, an influence which, if all the results be reckoned, in the end proved beneficial. To cast a glance at what happened, it cannot but be observed how by the rivers of Russia Scandinavians reached the Black Sea, and got across the Bosphorus into the Mediterranean, while other adventurers of the same stock pene-

trated it, in veritable swarms, by the northern seas, the Atlantic, and the Strait of Gibraltar. At different points these hardy and fearless warriors established stable governments. Passing over the instances of the communities of the Scandinavian regions and of Iceland, we may mention the Russian kingdoms ruled by Scandinavian princes, the sway of the Northmen over Scottish isles, over a part of England, over the French territory which took the name of Normandy, and the state they constituted in the south of Italy and in Sicily.

Roger II. built up his kingdom without destroying the Byzantine and Arab foundations; he even improved and consolidated them, thanks to his talent as an organizer. The new political society thus included the immigrant noblesse without in any way failing to profit by the resources offered by the Greek and the Arabo-Berber elements. Moreover, in more than one part of the isle express provisions sanctioned the right of the Musulmans to be ruled according to their own laws. The wisdom of the conqueror knew how to respect the usages and customs of the Greek population; the Jewish element enjoyed the protection of the state; the privileges of foreigners were preserved, and, what is most

important in a country where several leading religions met, religious toleration prevailed. The historian Freeman has remarked that in the twelfth century Sicily was the only part of the world where in the strictest sense of the word equality of beliefs had force. "Roger at Palermo," he says, "recalls Theodoric at Ravenna." The founder of the Gothic monarchy in Italy ruling over the adherents of paganism, of arianism, and of catholicism, had, in fact, at the outset of the sixth century, bestowed on Italy religious peace.

The astonishing cleverness of the Norman kings, their perspicacity, their moderation in victory, have with good reason been extolled. The annals of their reigns make the most attractive pages in Sicilian history. Several laws of Roger II. are known to us from the collection of Frederick II., and bear the marks of much wisdom. The fruits of this policy were there also to plead in his favour. The security and the prosperity which Sicily and southern Italy then enjoyed are such as to excite amazement. Material wealth grew by commerce as much as by industry, and the watchful care of the rulers even introduced an important manufacture, that of silk, of which until then Greece had the

monopoly. As the result of an expedition into the territories of the Byzantine empire, Roger had assigned to him as prisoners of war certain skilful workmen of Corinth and Thebes, whom he brought into Sicily in order to make known among his subjects the process of silk-culture.

To material wealth was being added great intellectual and artistic progress, promoted chiefly by a half-Oriental, half-Christian evolution, and by the fusion of the brilliant or strong qualities the various races displayed. At the court of Palermo appeared Musulman doctors and the best scholars of Italy, France, and England, by the side of learned Byzantines and of industrious and active Jews; to all of them royal favour was extended. The mixture of races, of civilisations, and of religions brought about a quite peculiar condition; for more than one of the Norman princes adopted the manners of the East, its life of luxury and opulence, the harem, the eunuchs, and finally the Saracen bodyguard to watch over the prince's safety.

The governing qualities of the Normans were turned to account. Nevertheless, it is clear that for the royal power was reserved too large a share in the carrying out of the new system. Be that as it may, a feudal parliament of the

barons of the county of Calabria and of Sicily had been assembled, from the year 1113, at Messina by the reigning countess, Adelaide: another parliament was held at Salerno, in 1129, when the royal dignity was bestowed on Roger II.: another at Palermo in 1130, when he was crowned¹—there are passages referring to a fourth assembly. The parliament was at first constituted of two “arms” or chambers, the ecclesiastical “arm” and that of the nobility—the commons were not long in forming a third arm.

Most of the important towns succeeded in escaping from the influence of the feudal system which the conquest had introduced, and to which it had added the counterpoise of a strongly organized central authority. The agreements which were arrived at between the Norman conquerors and the different towns used generally to guarantee to them their municipal system, a legacy—preserved under Byzantine rule—of Roman civilisation. In this way the “communes” remained intact, maintaining their separate existence, and being governed by their own magistrates.

¹ François Lenormant, *La Grande Grèce. Paysages et histoire littoral de la mer Ionienne*, vol. ii. p. 435.

The population of the country-side was less fortunate, and was reduced almost entirely to serfdom. Families were inscribed on registers as belonging to the nobles, or as being attached, or bound, to the royal domains. This work seems to have been completed in 1093. It was not then done at the instance of Roger II., and consideration may explain it, though it will not, it need scarcely be said, offer justification. There was at work in this case not solely the action of fresh conquerors, but the formal adaptation of a state of things which had already shown itself, especially in the ninth and tenth centuries, throughout the Byzantine empire. It is the question here of the formation in the various provinces of a rich and powerful military aristocracy. It was the *archontes* or *phylarchoi*, the *dynatoi* or *plousioi*, that in the end engrossed the whole ownership of the soil of which they deprived the class of small proprietors, whom they ruined by usury, and enslaved by a kind of feudal bondage.¹ It should not be overlooked that when the French penetrated into the Morea at the beginning of the thirteenth century they found there a nobility in possession

¹ François Lenormant, work cited, vol. ii. p. 409.

of the extreme privileges of feudalism, such even as the right of private war.

On the death of Roger II., William I. ascended the throne. To him succeeded the "good King William," the "prince that made justice and laws flourish, and gave to all peace and security." William the Good died in 1189. The Princess Constance, who inherited his right to the crown, had married the son of Frederick Barbarossa, who became emperor under the name of Henry VI. The issue of this union was Frederick II., one of the most wonderful men of the Middle Ages.

One aspect only of this ruler's activity is here of interest—namely, his state policy in his kingdom of Sicily, which then included the south of Italy. This policy issued in the formation of a type of government until then unknown in western Europe. The power of the nobility, the ruling influence of the Church, the autonomy of the municipalities, gave place to royal absolutism; and the different members of the body politic, answering to the diverse manifestations of its activity, disappeared before the State. This new institution in the main was injurious rather than not. It was directed against liberty. It viewed the nation as a multitude devoid of all initiative,

and denied it the power of carrying into effect any volition whatever.

Frederick II. worked with marvellous ability at the realisation of the design he had conceived. At a certain period he devoted himself to it almost entirely, entrusting to his sons the exercise of his power north of the Alps, and to his legate, Eccelin, the direction of affairs in northern Italy. What element there might be of liberalism in the system introduced by his maternal ancestors, the Norman kings, was ill-suited to the genius of the prince, who had been attracted by Musulman civilisation, and whose ideal was the government of a puissant sultan, the absolute master of his subjects, watching over their prosperity, carrying out his intentions in the interest of all. Doubtless the greatness and elevation of his aim cannot fail to be recognised; but it is none the less true that a system like his led to a frightful despotism, which extended to every manifestation of independent thought or action. The affiliation of the theories of the great emperor is easily traced: they were derived from the Arabs, and his contemporaries, therefore, were not mistaken about them. "The men of this century," says M. Gebhart, "readily saw in them a disquieting imitation of the state policy of the caliphs,

a wholly Musulman conception of government.”¹

Thus measures were enacted hostile to all idea of a more or less independent existence of the nobility, of the clergy, or of the towns. The great aristocracy saw itself kept contemptuously at a distance. Six ministers taken from among the notaries of the imperial court became the agents of the head of the government. The claims of the episcopacy were set at naught, and the legitimacy of its jurisdiction was challenged. The capitulations, or compacts that had guaranteed their privileges to the towns, were construed in a strict spirit that tended constantly to limit them as much as possible, and even boldly to deny them. Thrust on irresistibly by logic, Frederick II. went so far as to aim at uniting the spiritual primacy to the temporal power. In his struggle with the papacy he declared himself superior in sanctity to the head of the Church, and also fitter than he to fulfil the functions of Vicar of Christ. The adept in the principles of Averroes, the man whom his contemporaries accused of having composed a blasphemous book treating the founders of three great religions as so many

¹ E. Gebhart, *L'Italie mystique. Histoire de la renaissance religieuse au moyen âge*, p. 145.

impostors, strove in truth to give to the west a new cult, the adoration of the emperor as the incarnation of the living God.¹

In 1231 were promulgated the *Constitutiones Augustales*, compiled by the chancellor, Pietro de la Vigna, with the assistance of two juriconsults, Roffredo de Benevento and Taddeo de Sessa.² The collection comprised rules of public jurisprudence, of civil and criminal law, instructions touching feudal matters, finance, commerce, weights and measures; and in addition to all this repeated enunciations of the rights of the crown, and of atrocious penalties against those who ventured to ignore them.

If the commercial policy of Frederick II. is examined more closely, it becomes clear that it ever inclined to enlarge the attributes of the central power. The latter reserved to itself the monopoly of the sale of certain commodities, such as salt, iron, steel, silk, while it established in the case of others a prohibitive system. According to circumstances it enacted reductions in the export duties on corn and seed. On

¹ Huillard-Bréholles, *Opera diplomatica Frederici II.*, Introduction, pp. cdxvii. et seq.

² François Lenormant, *A travers l'Apulie et la Lucanie. Notes de voyage*, p. 84.

occasion the central authority undertook to instil wise ideas into its subjects—one document shows the emperor inducing his agents to make the population understand the usefulness of certain concessions which had been made in favour of merchants from other countries. Moreover, agriculture was encouraged, and the distribution of its products facilitated by the abolition of internal custom-houses. Model farms were established, Lombard colonists being invited into the kingdom, and the immigration of strangers specially encouraged by the ten years' exemption from every tax.¹ The solicitude of the government extended to foreign affairs. "By means of the land registry and taxes on consumption," says M. Gebhart, "through the salt and metal monopolies, it filled the treasury. It was the privileged shipping firm for the Mediterranean ports, and hindered the departure of vessels not conveying its goods."² An important office had been established from the earlier years of the Norman monarchy, that of High Admiral. Some directions of Frederick II. defined its functions, among which appeared the surveillance and policing of the seas, the pursuit of pirates, the

¹ Gebhart, work cited, p. 115.

² Huillard-Bréholles, work cited. Introduction, p. cdxvi.

regulation of voyages, which thenceforth were not to be made without the royal authority.

Frederick II. delighted in the organization of the finances. At the head of some of the provinces were placed "master chamberlains." Other officers of the financial administration were the procurators of the crown lands and of the estates united thereto, "inferior chamberlains," tax-collectors, and treasurers. The master-chamberlains who controlled in particular the customs, the crown lands, feudal charges, and leases, applied directly the funds they received to the payment of various services. The same system was pursued in dealing with the revenue derived from direct taxation. The balance of the receipts was paid into the royal offices.¹ These various operations were carefully overlooked, and an audit-office revised the financial administration.

The taxes, which were very many, were reducible to two kinds of impost, direct or personal taxes, and indirect taxes levied on objects of consumption. To the ancient dues the emperor had added new taxes which weighed heavily on the taxpayer. Under the Norman dynasty, and particularly under William the

¹ Huillard-Bréholles, work cited, p. cdx.

Good, public charges had not been very considerable, peace having lasted a fairly long time. Under Frederick II., foreign policy and administrative expenses became really burdensome. The pay and maintenance of the Saracen or German mercenaries cost very much, while state servants had exceedingly high salaries. To take an instance from Huillard-Bréholles, the High Admiral received an ounce of gold per diem, representing an intrinsic value of 63 francs 20 centimes. In 1240 it was possible to recruit men-at-arms in the Terra di Lavoro at the rate of a quarter of an ounce per month, while the cost of provisioning exceeded that of the pay.¹

The work of Frederick II. in part survived him. Outside Sicily and southern Italy it served more than once as a model to the tyrannical governments which arose at the end of the thirteenth and in the course of the fourteenth centuries, and looked on its characteristic centralisation as both logical and fertile in useful results. Connected with the protagonist of enlightened despotism were those remarkable types of Italian "tyrants" who, from the distance of some centuries, excite our astonishment by the savage energy and unrelenting determination with which, without

¹ Huillard-Bréholles, work cited, p. cdxx.

weighing the means, they accomplished the end they assigned to social life. From him too were derived certain of the measures adopted by the republics in respect to their economic, administrative, and financial policy. Profiting by the experience of his attempts, and themselves seeking fresh experience, the governments of the despots and those of the communes became the authors of a spirit and form until then unknown. One word represented this creation: it was the word "State," in the primitive meaning of *stato*, the entourage of the prince or of the chief, and this soon implied the idea of a juridical person or absolute master, who had a superior mission, and against whom might avail neither considerations of justice nor those of morality. The State appeared nearly always egoist and oppressive, and chiefly concerned in crushing whatever stood in its path. It must, however, be admitted that on occasions the State came near to being the product of reflection and wisdom: then it was, if we may use the word, a real work of art.

CHAPTER III

THE TOWNS IN THE MIDDLE AGES

IN his *Historical Prolegomena*, Ibn Khaldûn gives of Aristotle's ζῶν πολιτικόν an ingenious explanation, according to which the great philosopher meant to denote the townsman as opposed to the nomad. In this case the particular mission of the human race would be the building of cities. Assuredly it is superfluous to plead manifold arguments in order to show that the most of civilisation has been chiefly accomplished in the cities, and we may rest satisfied with bringing forward the indisputable testimony which is in this matter furnished by the mediæval epoch. During this period, in fact, the communes for several centuries took the lead in progress, and struggled valiantly for the conquest of the great benefits of civilisation. The part they played was remarkable. They prevented the formation of theocratic systems similar to those which were

developing in the East. They were an obstacle to the triumph of military despotism, the populations of the cities rising in defence of liberty as soon as it was threatened. Thanks to them, the centralising movement which showed itself in the fifteenth century, the effects whereof were manifested by a recoil from ideas of political independence, could not reach its full conclusion. The opposition was strong and solid enough to repel partially at least the aggression of despotic principles, and to gain over to liberalism some fresh defenders.¹ Two fine qualities above all came to light in the growth of the communes: vigorous initiative, and absolute belief in justice. The towns of the Middle Ages did even what antiquity had not done—they ennobled labour.

The origins of the mediæval city are obscure. Several theories have been put forward in respect to them, but in truth we do not possess the documents by which we could detect their initial manifestations from the seventh to the eleventh centuries. One thing seems certain: the village community, which is by no means, as it has been long imagined, a phenomenon peculiar to the Slav or Germanic races, but a

¹ P. Kropotkin, "Mutual aid in the mediæval city," in the *Nineteenth Century*, vol. xxxvi. p. 198.

general phenomenon found at a particular stage among all peoples on the road to civilisation,—the village community, we say, became widened and developed. The social group attaches its members to itself by the bonds of solidarity and mutual assistance. In its turn the group becomes connected with other groups.

In the mediæval cities thus appear nearly everywhere two kinds of federations. The heads of families were gathered territorially into neighbourhoods, districts, and parishes: from a professional point of view they were united into guilds, into trade societies. Peter Kropotkin points to the first form of these federations as the product of the primitive village community: in the second he exhibits the effect of new conditions of existence.

The gradual and unceasing work of the village community manifests itself even beyond the town's sphere of action. How otherwise is to be explained the gradual development at work in the history of humanity, the fact that nations in that part of Europe which was trampled on by the Barbarians asserted themselves, and became settled a long while before there was any sign in them of the State? It is a just observation of the learned publicist who says that, at the

moment when States were called into being, they merely engrossed in the interest of the minority all the economic, administrative, and judicial functions which, under the impulse towards mutual aid, had been already exercised by the village community in the interest of all.¹

Moreover, when new political structures covered Europe—when from the outset of the fifteenth century the monarchies were fully formed, and national entities, having attained to complete internal development, claimed to exert influence outside their legitimate sphere,—the ancient village community, under varying forms, continued for a long while to fulfil a useful mission. It remained underneath a number of institutions, and in almost all countries afforded protection to the country folk, who were for the most part deprived of that political action which the towns possessed in virtue of their representation in the great national assemblies. The primitive association, it must not be forgotten, had necessarily to be modified. At the dawn of civilisations the grouping had been instinctive; it slowly became

¹ P. Kropotkin, "Mutual aid among the Barbarians," in the *Nineteenth Century*, vol. xxxi. p. 122.

conscious ; it issued finally in a reflective, moral, and intellectual movement.

From the economic point of view the history of certain cities supplies valuable hints as to the social mechanism to which attention has been drawn. The groups whose juxtaposition made the city had their personality as producers and merchants.

At Venice, each of the islands was for long an independent community, purchasing provisions and raw materials, and sharing them among its members. In Lombardy the towns were divided into separate districts. In the towns of northern and central Europe the "neighbourhoods" had their own mission, a distinct sphere of action. In Russia the cities had their independent streets. At need, the inhabitants jointly, the whole town, sold the products just as it bought the goods the people required. The merchants were often merely the agents of the urban community. The Russian towns of Novgorod and Pskof had their caravans. Venice possessed state shipping which undertook "official" expeditions, and only in later years permitted the competition of private persons. Municipal personality appears even in the juridical sphere at the time when powerful monarchies have been

already formed, and when a central power appears as superimposed on the different communes of the same country. The city of London offers in this respect an interesting instance. Up to the fourteenth century the city formed what might be called a distinct State—so much so that the king's peace proclaimed within its walls did not extend to the rest of the kingdom. Thus can be explained the fact that in our time the Lord Mayor and the Aldermen are still parties to the proclamation of a new sovereign.¹

There should furthermore be borne in mind the institution of the trade corporations, of the guilds, an institution which even became attached to religion, as conceived in the Middle Ages, according to which the town considered as a whole possessed, by a *quasi* feudal right, its trades and wealth production.

The idea of solidarity penetrated the civic organization of the Middle Ages, as it did all the ancient communities. Burgesses were entitled to the protection of their fellow-citizens, while they were in their turn answerable for the latter. In a sense civilisation tends to set men

¹ Sir Francis Palgrave, *Rotuli curiae regis*, Rolls and Records, vol. i., Introduction, p. xcvii.

free from the burdens involved in the fact of belonging to one and the same political society; but the right to assistance endures, while the liability for the acts and deeds of another disappears. Nor was the change completed as quickly as one might be tempted to suppose. In the middle of this century a treaty concluded between Great Britain and Mexico had to provide that a debtor's fellow-countrymen shall not be responsible for debts in which they have no share.

The mediæval city was by no means limited to the function of a protective organization of certain liberties. As Peter Kropotkin says so well, it essayed to organize on a wider theatre than the village community the union of men in labour, production, and consumption, without going so far as to impose the domination of a central power. Beyond its own sphere of action it attached itself also to other cities. The leagues of towns are familiar—some of those in Italy and Germany are celebrated. Some associations less known are typical because of their having had economic life particularly in view. In 1237 an agreement was arrived at between the city of London and the merchants of Amiens, Corbie, and Nesle, in Picardy, in virtue of which

the latter, who were bound to pay annually fifty marks to the Sheriffs of London, were authorised to unlade and to lade goods in the city, and were in the rest of England placed on the same footing as the burgesses of London. The registers of the City Corporation contain many hints on the subject of similar compacts. Leagues between villages as well as between towns are also found. Of this there is proof in abundance. To take an example at random, seventeen villages in the Laonnais combined, and their humble confederacy lasted one hundred and fifty years. It fought for its independence, and succumbed only in the middle of the thirteenth century.

There are still other phenomena. Commerce created its own international mechanism. M. de Maulde la Clavière points out that commerce lay outside the tutelage and protection of the State. It had its own consulates based on the system of free association and reciprocity.¹ Referring still to England, it is well to recall that in London the Gascon and Provençal merchants formed communities whose elected heads were at once the political leaders and the

¹ R. de Maulde la Clavière, *La diplomatie au temps de Machiavel*, vol. iii. p. 300.

agents of each of the members. In 1312 the English Government demanded from the communities of foreign traders established in London that they should put into execution an ordinance relative to the export of wool and leather, and required them to punish infringements thereof. *Inter se rationaliter castigare et punire*: such was the task imposed on them. Further, a writer who quotes from the registers of the London Corporation proceeds to this generalisation, that there existed in the Middle Ages, outside the bond that more or less firmly attached all the groups to the people of which they formed part, a kind of confraternity or tacit confederacy, an exchange of services and a reciprocity of good offices. "This species of league, association, or communal chivalry," he writes, "rested above all on the great base of mediæval civilisation, the spirit of corporate life or solidarity."¹

The variations which were produced in practice must by no means be ignored. The spirit of association conflicted often enough with the idea of nationality and was obliged to yield to it. In London, for instance, the gilds which

¹ Jules Delpit, *Collection générale des documents français qui se trouvent en Angleterre*, vol. i. p. ccxxi.

had developed freely, apart from all interference by authority, came at a particular period to request of the court of Mayor and Aldermen that their statutes might be "enrolled" — in other words, drawn up, sanctioned, and confirmed. This was an acknowledgment, a confession of weakness. The House of Commons had to be charged with the task, and, in fact, was so. If, however, at the outset the trade-societies were summoned to take part in the deliberations concerning them, it was not long before the House claimed that it alone should enact rules, and without the assistance of the parties interested. At the beginning of the sixteenth century it gained the upper hand definitely, and saw pass unquestioned its right to prescribe the regulations of the corporations and trade fraternities.

The instance of England is not isolated. The economic position of France and the history of trade-regulation in that country are well enough known. It will be sufficient to recall the facts of Italian industrial life in the same sixteenth century. In nearly all parts of the peninsula were drawn up corporation statutes, the work of the central power, in which prohibitions and penalties multiplied, the inevitable effect being to condemn to a slow death the

institutions to which they were applied. Heavy fees on entry into a profession, harassing supervision of production, manifold fines, distrust of every kind of initiative and spontaneity—this, in a few words, is but a feeble description of the new order of things. The trade and corporation of old answered to the need that urged man to join his efforts to those of his fellows. In Italy especially these had assumed a political character. The system now imposed by authority destroyed the sources of all vigour—faith in one's self and the power of unhampered action. Not only are minute rules here referred to—the prescribing of methods for the manufacture of woollen and silken stuffs, the prohibition to one trade to encroach in any degree on the sphere of another—but it has to be considered, also, that the wish to regulate everything extended to wages, and that in Piedmont the master was forbidden to pay more than the amount fixed by law and the workman to exact more than this sum : authority aimed at preventing what on the workman's part it styled an “act inspired by pride.”

CHAPTER IV

COMMERCIAL AND INDUSTRIAL EUROPE

THE geographical situation of Italy made its most important cities so many markets where business had necessarily to be transacted between the Levant and that western Europe where had been born and was developing one of the fairest civilisations in the history of the world. Some of these cities not only controlled the highway of the seas, but were also connected by tolerably safe roads with the interior of the continent. Venice, for instance, through its communications by land was the nearest point to German territories: while to the west Genoa offered a point of easy access. The peoples of the peninsula were enterprising; its coasts furnished skilful sailors. Its soil, which was in many districts fertile, produced over and above what was needed, while industry added to the wealth of the country and supplied commodities

for exchange and trade. The main elements of a general prosperity were thus gathered together. Lombardy, southern Italy, and Sicily yielded abundant harvests. The bold spirit of their inhabitants urged them, besides, to turn distant lands to account. In the possessions of the crusaders in the Holy Land several cities held quarters of the towns which formed extensions of their own territory. Venice and Genoa founded their colonies in distant spots; indeed, they took possession of whole countries, over which they held sway for purposes of trade and gain.

One thought inspired all the measures taken by the Italian commonwealths in regard to commerce and industry. They were filled with the idea of securing for themselves a monopoly, which was necessary for their mode of manufacture, conveyance of goods, and intercourse with foreign countries.

The keen and cruel hatreds which animated the political communities in regard to one another, and which formed almost the sole bond of union strong enough to hurl them against a common enemy, often originated in economic considerations. Each government tried to grasp for itself alone trade, manufactures, and business.

In this very error, to which both theory and practice inclined, there was some logic. The possession of the precious metals and of metallic currency was, in truth, the end that every State aimed at. In the sphere of theory the idea prevailed that a nation could become rich only at the expense of another: for the reason that the wealth of a state was reckoned as something visible and palpable, the possession of which might be disputed among rivals. At the beginning of the fifteenth century, in a document addressed to the Guinigi, lords of Lucca, Giovanni Ser Cambi describes the whole plan of the protective system as a means of developing national wealth, of assuring ascendancy of native products, and of prohibiting imports.¹ The issue aimed at was the accumulation of the greatest quantity of precious metals, the amount of which was in western Europe narrowly limited during the Middle Ages, and of which the effectiveness was diminished by the frequent variations in the commercial value of gold or of silver in the different centres.

In short, many political events and many

¹ Baluze, *Miscellanea*, Mansi's edition, vol. iv. p. 81; Joannes Sercambi, Lucensis civis, *Monita Guinigiis data ut totum sibi Lucensem principatum quem jam occupaverant retinerent.*

international transactions become intelligible if it is considered how only in the eighteenth century the true opinion prevailed which regards the labour of a country as its real wealth, and sees in that national labour the aggregate of all its intellectual and material forces.¹ Doubtless until then not everything was wrongly done: practice has sometimes been based on reason even when the theory was at fault; the circumstances, the very nature of European commerce, have dictated certain modes of action. Pecchio, the historian of political economy in Italy, says very justly that, when political economy was beginning to be recognised by a small group of writers, several Italian states had already prospered by experience alone.²

The industrial blossoming time was favoured by the introduction of processes and trades until then followed by the foreigner. The Byzantine empire especially saw itself laid under contribution, its methods being borrowed and attempts made to tear from its workmen their trade

¹ W. Besobrasoff, *De l'influence de la science économique dans la vie de l'Europe moderne* in the *Mémoires de l'Académie impériale des Sciences de St. Pétersbourg*, vii. series, vol. x. No. 10, pp. 13 et seq.

² Giuseppe Pecchio, *Storia dell'Economia Pubblica in Italia*. 1852. Introduzione, p. i.

secrets. If occasion demanded a whole population was transplanted, as was done in 1147 by the Sicilian Government ; or, going further still, settlements were effected in the manufacturing districts. This happened in the case of Venice. When, at the beginning of the thirteenth century the division of the Greek empire was arranged, the Seigniorship grasped, among other possessions, the best cultivated islands of the archipelago, and that portion of the Peloponnesus where the silk industry was carried on. The manufacture of glass was of Eastern origin ; and from Constantinople, which had borrowed them from the East, came the methods of dyeing and dressing woollen stuffs.

Apart from spices and commodities of Eastern origin, salt, soap, wax, refined sugar, and paper were so many important articles supplied by Italy to her European customers. That country did also a great business in ores and wrought metals. The mines of Tuscany and of the Isle of Elba used to furnish iron : those of Friuli, Carinthia, and Cadore, iron or copper. Finally should be mentioned the manufacture of weapons and armour, and the working of precious metals.

Maritime commerce became equally a source

of gain. At certain epochs sea-carriage, especially in the eastern basin of the Mediterranean, was largely in the hands of the Italians. At the beginning of the fifteenth century Venice had 3000 merchant vessels of from 100 to 200 tons, manned by 17,000 seamen, 300 State ships with crews numbering in all 8000 men, and 45 trading galleys carrying 11,000. The navigators of Genoa rank among the boldest and most enterprising that have appeared in the record of discoveries and voyages. The authorities of the Italian ports issued many laws. A strict surveillance was exercised over the construction, maintenance, and manning of vessels, while minute regulations decreed the shapes of ships and their proportions in relation to voyages and cargoes. From the year 1255 Venice thus had her *Capitulare nauticum*; Genoa a statute of 1333, the *Ordo factus super mensuris galearum de Romania et Syria*, which reproduced or revised ancient regulations. At an early date, too, the construction and armament of vessels had attained in the Italian dockyards remarkable perfection, and without question this country held the first place among all the maritime nations of the Middle Ages.¹

¹ E. T. Hamy, *Études historiques et géographiques*, p. 1.

Commerce, favoured by local circumstances, found a cause of development and success in the fruitful skilfulness of the merchants and the business qualities with which they were endowed. These had established some powerful houses with many branches scattered in the most important places of resort of European, African, and Asiatic commerce. In most of the great towns of Central and Western Europe, in particular, there were Italian colonies.

For long enough these merchants were confounded under the general name of "Lombards;" yet in the twelfth century they were more often denoted by the name of "Ultramontanes."¹ The principal articles of their commerce were silks, cloths, spices, jewellery, and the precious metals. Money-changing was one of their chief pursuits, a matter of great importance in mediæval trading. They dealt in bullion, with which merchants used to provide themselves in order to obviate the variations in value of currency, and also lent money on interest. The concession to some Lombards of "loan tables" marks in many towns of the north of Europe the date when first arose the idea and use of credit. The Italian merchants, besides, showed themselves as

¹ Pigeonneau, *Histoire du commerce de la France*, vol. i. p. 244.

competitors with the Jews—and for once the latter did not come off best.

The Byzantine protectorate had been extended to Venice in its infancy, and this fact, not less than the constant intercourse between the empire and the republic, had resulted in oriental civilisation having penetrated the city of the doges. Industry, commerce, economic methods, and financial institutions were affected by this as much as manners, the arts, and even religious life. Greek was the language of Eastern trade, and served many Venetians as a second tongue. The influence of Constantinople was manifested to such a degree that at one particular period it might have been said that the “republican monarchy” of Venice was modelled after the despotic monarchy of the East. The Venetian Government itself recognised that close ties united it to Byzantium. Thus it was that in the ninth and tenth centuries the accession of an emperor or a doge was an occasion for despatching a representative to the capital of the empire. The envoy was nearly always a son of the doge, and on his return, dignified with high-sounding titles, he appears to have possessed increased right to succeed his father. During the whole period in which the doge’s office seemed to be tending

to become hereditary, and when a son of the doge was pretty often associated with his father's rule, the voyage to Constantinople used even to create a kind of right of primogeniture among the sons.¹

The republic often lent assistance to the emperors, who recognised the services she had rendered by granting her privileges and opening many ports to her vessels.

From 991 and 1082 date the two first concessions made by the Imperial Government. In outline these two acts amount to the granting to Venetian vessels rights of entry and departure: they order that the customs authorities shall not detain a vessel more than three days: they refer the suits of the subjects of the republic to the imperial logothete, to be decided according to their own laws: they forbid under penalty of confiscation the introduction of merchandise from countries other than Venice herself.² However, in practice the hostility of the Government soon became obvious. The situation, too, became altogether changed when Genoa, a jealous rival, excited against Venice the suspicions, dislike, and anger of the emperors.

¹ J. Armingaud, "Venise et le Bas-Empire," in the *Archives des missions scientifiques*, 2^e série, vol. iv. p. 328.

² *Ibid.* p. 344.

At the beginning of the thirteenth century the policy of Venice towards Byzantium had been disloyal, and so the Genoese had no difficulty whatever in undermining her influence, and securing for themselves the privileges which were wrested from her when the Latin empire of Constantinople crumbled in the course of the Greek restoration. They effected more than this. At their treacherous instigation the Byzantine government forbade its sailors to take service in the navy of the Seigniory, prevented its workmen from working for the Venetians, and loaded their merchandise with heavy duties.¹

In spite of these obstacles, Venice continued her upward movement: thanks in particular to her industrious colonies, she became the chief city of trade. In Italy itself her power extended over the mainland. With her maritime predominance was united a continental expansion, and at the outset of the fifteenth century a doge in addressing the senate was in a position to say that the Venetians were the only people to whom land and sea were equally open. Her part approached its close only when the import-

¹ École française de Rome. *Mélanges d'archéologie et d'histoire*, 1883. *La colonie Vénitienne à Constantinople à la fin du XIV^e siècle*, par C. Diehl, p. 93.

ance of the Mediterranean diminished. Civilisation resumed the course she has so long pursued from the south-east to the north-west. The peoples ceased to gravitate round the "inner sea," and, according to the expression of Élisée Reclus, "the Italians themselves broke the circle when they discovered a new world beyond the ocean."¹

In more than one of the coast towns of the Mediterranean there existed for a considerable time, traces of the ancient practice of trading by and for the city. The community of Marseilles had galleys which she parted with on hire when they were not retained for public purposes, or chartered for the use of foreign rulers.² Genoa used to send forth her caracks, which belonged to the government. But the system showed itself most completely at Venice.

It must not escape notice that the Venetian government made the food supply of the republic safe by the development of agriculture in its possessions, particularly in the island of Candia, and by treaties made with different sovereigns, which secured to her the extraordin-

¹ Élisée Reclus, *Nouvelle géographie universelle*, vol. i. "L'Europe méridionale," p. 31.

² Pigeonneau, work cited, vol. i. p. 141.

ary resources of Sicily, of Egypt, and of several sultanates of northern Africa.¹

The Seigniory took in hand commercial voyages. At first the moment was awaited when the markets of Venice seemed favourable for export trading. Presently a certain regularity was observed. It appears that the number of fleets rose finally to seven, their destinations being Romania, Tana, Trebizond, the isle of Cyprus and Armenia, Syria, Egypt and Barbary, and Flanders. The privilege of the fleets was generally granted to companies, which thus obtained the monopoly of the commerce of the countries towards which the convoys were directed.²

The organization of the trading ventures to the west deserves a brief description. When the government judged it opportune for the commerce and the industry of Venice, it let out on hire the galleys of a fleet destined for Flanders. The Venetian administration retained the supreme control of the expedition, the grand council choosing the captain, who was paid by the "patroni," the masters, the merchants to

¹ Pardessus, *Collection des lois maritimes antérieures au XVIII^e siècle*, vol. iii., Introduction, p. lxxxiv.

² *Ibid.* Introduction, p. lxvii.

whom the vessels had been allotted. Some minute regulations prescribed the composition of the crews, the numbers and wages of the pilots, mechanics, and clerks. On board each vessel was a public notary; from the year 1320 there is evidence of the presence of doctors. Thirty archers per vessel were provided against piratical attacks. According to the observation of Rawdon Brown, the galleys despatched to Flanders formed the most noteworthy fleet of the republic, taking into account its final destination and its trading transactions by the way.¹ Their purpose was the distribution in the western countries of the products and manufactured articles of Venice itself and of inland markets, and of those of the eastern countries with which Venice had business relations—Persia and India in particular.

Above all things, protection was ensured for the galleys of the State. The wares they carried paid no duty; those carried by the galleys of private persons paid five per cent of their value. The government was distinctly hostile not only to foreigners but also to the subjects of the

¹ Rawdon Brown, *Calendar of State papers and manuscripts relating to English affairs existing in the archives and collections of Venice and in other libraries of Northern Italy*, vol. i. pp. lxii. et seq.

republic. In respect to manufacture it displayed jealous surveillance, constant anxiety to preserve trade secrets and mysteries, and put its trust in that worst of methods, the prohibition of all competition; while as far as commerce and carriage were concerned, it held to privilege and monopoly. In cases where prohibition was not complete, goods from the Levant despatched from Venice by foreigners had to pay a duty equal to half their value: towns on the mainland subject to the Seigniorship could despatch their products only by way of the capital, where a high duty was levied on them. Foreigners were forbidden to join the commercial associations formed by some Venetians, and, in a word, nothing was left undone to secure for the subjects of the republic the almost exclusive working of the sources of wealth.

In regard to the Venetians themselves, there reigned among them a narrow, jealous spirit, hostile to all who did not belong to the upper classes. The governing oligarchy had reserved to the nobility a kind of monopoly of commerce and industry, and it granted to the middle classes the right to trade only on very burdensome conditions.¹

¹ E. Frignet, *Histoire de l'association commerciale*, p. 78.

In certain dependencies the administration was harsh; what happened in the isle of Crete was in this respect significant. It is true that the ruling city had met there with an obstinate resistance displayed by fourteen serious insurrections in one hundred and sixty years. After her acquisition of the island from the Marquess of Montferrat for 10,000 silver marks, Venice had at first left their lands to the Candiots, but a little later she formed in the island military colonies to which she sent Venetians recruited from the nobility and the people.¹ The colonists received estates, *casalia*, in return for which military service was required. In this way three hundred military stations were established, which furnished from twelve to fifteen thousand fighting men.² Every settler was under an

¹ *Documents inédits pour servir à l'histoire de la domination vénitienne en Crète, de 1390 à 1485, tirés des archives de Venise.* Publiés et analysés par H. Noiret. Introduction, p. v.

² In the work just cited M. Noiret remarks that the *casalia* passed to the Venetian colonists with all they had of cattle and slaves. Slavery existed in the isle of Candia. "The origin of it," says M. Noiret, "appears to date from Nicephorus Phocas, who retook the isle from the Saracens; on which occasion those who survived were reduced to slavery, to a situation much like that of the serfs in France. Each colonist obtained twenty-five of them. He allowed them provisions, clothing, and a scanty wage. At a time of distress the republic authorised the redemption of these slaves or *villani*."

obligation to make over to the government a third of his corn crop, a proportion which was fixed in advance according to the extent of the fields and the average yield. He had to maintain several horses for military use, a burdensome requirement in view of the dry nature of the soil. All offices were bestowed on Venetian nobles, freedom of action on the part of the settlers and the Greek population being suppressed. An administrative permit had to be obtained for the chartering of Candiot vessels, while strict regulations prescribed the voyage and the lading. Furthermore, heavy taxes added to the stress of the situation.¹

Up to the thirteenth century Ravenna possessed many ships: Ancona enjoyed privileges in most of the towns of the Latin East: Amalfi despatched her seamen on long voyages.

Pisa was great both in trade and in navigation. Being Ghibelin in her leanings, she was constantly attacked by the chief Guelf cities. In 1250 Genoa, Lucca, and Florence formed a league against her; and in 1284, at the battle of Melloria, the first-named destroyed forty Pisan galleys, took nine thousand prisoners, and in-

¹ H. Noiret, work cited, Introduction, p. xv.

flicted on her rival a blow from which she never recovered. Nature pronounced against Pisa. A phenomenon occurred which was frequent in the history of Italian cities—the choking of the harbour by deposit of soil and sand.

All Tuscany was filled with manufacturing centres, among which Florence took the lead. The part this city played in political and economic history cannot be too much insisted on. Within her walls succeeded various forms of sovereignty—aristocracy, tyranny, democracy, theocracy, despotism. Every kind of political experiment was there tried, and as to the defects, vices, or advantages each method offered, the city's history supplies most valuable information. The solution of problems relating to the material existence of a people, especially of those introduced by the institution, almost as old as civilisation, of taxes and public charges, was there studied, discussed, and tried. On questions in which empiricism generally prevailed an anxious care for the higher human interests was displayed. The ideal of every fair system was sought—namely, to have justice and equality in the sharing of burdens, and to aim at the realisation of a harmonious whole, of a “cosmos”

in the sphere of economics. A whole people was at work, glorifying human toil by word and deed. In the grand period of the republic, when freedom reigned, prosperity and greatness crowned the efforts of those who had put in her all their trust. According to the words of *Élisée Reclus*, "arts, letters, and all there is of good and fine in this world was produced with a joy and vigour which the generations of man had long since lost."¹

Milan, which was agricultural as well as industrial, can equally point to good services rendered to the general cause. Even under the domination of her greedy dukes, she preserved for a considerable time some of the safeguards of a free state—liberty of trade, speedy justice, protection for foreigners.

Genoa was the rapacious city. Her violent struggles with other Italian cities, the long enmity that separated her from Venice, the savage competition she had with her—everything combined to whet still more her natural fierceness. In this respect is shown one of the sad aspects of mediæval Italy: the jealousy and hatred of these political communities, which were nearly always hostile to one another, and

¹ *Élisée Reclus*, work cited, vol. i. p. 420.

in which, when any trace of combination comes to light, it wears the form, as has been already noted, of an agreement between enemies intended to bring about the ruin of their common adversary. Genoa had her period of ascendancy; her flag floated in distant seas; her trade agencies spread through the world; she saw wide regions subject to her yoke; she created financial institutions which were able to control and exploit whole districts; she produced the money-dealers whose transactions fill one of the most interesting chapters in the annals of finance; she excited among her citizens an emulous desire to undertake the daring voyages of discovery that were to bring to an end the Mediterranean epoch of the history of European civilisation, and to introduce the latter to its final stage, the conquest of the ocean.

From the twelfth century there blossomed in the south of France a remarkable civilisation with which the Catalan peoples were connected. Industrial and trading cities, revered centres of enlightenment, grew up a long while previous to the great movement of the Italian springtime, a renaissance the beneficent results of which were fated to dwindle under the influence of

religious wars, and, especially, of religious persecutions. The material prosperity of these cities was remarkable. While the cities of Provence were devoted to commerce and navigation, Languedoc was agricultural and manufacturing. The "communes" of the south enjoyed a kind of virtual independence. At any rate, in the economic sphere they possessed much freedom of action, of which some of them took advantage to manifest a large-minded toleration, and to give a free field to the capacities of all, whatever might be their persuasion or race. Political circumstances favoured their growth. The rule of the counts of Anjou in southern Italy brought Provençal colonies into the kingdom of Naples. The kings of Aragon were long lords of Montpellier; for Spanish power had spread to the north of the Pyrenees, just as previously some of the north-eastern districts of the Iberian peninsula had been subject more or less rigorously to the sovereignty of the kings of France.

Work and trade were esteemed, and the aristocracy applied themselves to business transactions. In the charters of Marseilles the qualifications of merchant and noble, or person of standing, are found united. At Aix, the

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capital of Provence, nothing is more common than to find the title of noble merchant, *nobilis mercator*, coupled with that of "fief possessing."¹

Montpellier, which acquired rather early a preponderating position among the towns of Languedoc, pursued a liberal policy. It has been observed that six centuries before the time of Quesnay and Gournay this city rejected the system of monopolies, while she both proclaimed and applied the principle of competition in the markets.² From the thirteenth century her statutes warranted the taking of as much interest on money borrowed as amounted to the principal, without regard to theological or juridical discussions. She admitted Jews to public employment, especially in connection with the finances; and even welcomed the Saracens.

Marseilles, a commercial power long before Genoa, Florence, or Venice was born, suffered from the hateful wars waged between her suzerains, the princes of the house of Anjou,

¹ C. de Ribbe, *La société provençale à la fin du moyen âge d'après des documents inédits*, p. 330.

² O. Noël, *Histoire du commerce du monde depuis les temps les plus reculés*, pp. 214 et seq.

and the kings of Aragon. But she enjoyed her times of triumph, and succeeded in taking an important part in the doings of the mediæval world, thanks to her relations with the cities of Spain and Italy, with the Arabo-Berber governments of Africa, with Egypt and Hither Asia.

In Musulman Spain, agriculture, industry, and commerce prospered greatly, and when the Christian element got the upper hand the trade of several towns considerably developed. In the middle of the twelfth century Barcelona was an important manufacturing centre. She had commerce reaching as far as Sicily, and establishments in the towns of northern Africa, while in activity and spirit of enterprise she vied with the Italian republics. Business relations connected Genoa and Florence with Valentia, Cartagena, Algeciras, and Malaga. Cadiz and Seville possessed trade agencies at Constantinople. It should be remembered that it was at Barcelona that the customs of the sea—as applied in the consular court of that city—were collected, customs that may be regarded as embodying the maritime usages accepted in the different cities of the Mediterranean coast. There too, under Arab influence,

was displayed the skill of learned cartographers who rivalled those of Majorca and the geographers and cosmographers of Italy. Is it sufficiently recognised that in the civilising collaboration of races the Phoenicians can claim as their work even the principles of law in force over the "inner sea"?

If it is desired to fill in the picture of the industrial activity of the Mediterranean world in the Middle Ages, attention should be paid to the cities scattered along the vast coast of northern Africa. Mention should be made of Egypt, where an Arab kingdom was succeeded by a military republic, the geographical situation of the country constituting it an excellent market for the products of eastern and southern Africa, Arabia, and India. We must also refer to the many Christian principalities formed during the period of the Crusades in Asia Minor, in the islands of the Archipelago and in Greece proper, and point to the Venetian and Genoese possessions, right beyond the Bosphorus, in the Crimea and in Mingrelia.¹ In cities where they had not the absolute mastery, the western cities and republics made

¹ E. Nys, *Études de droit international et de droit politique*, pp. 8 et seq.

it especially their object to obtain the grant of a ward, including buildings for their officers, edifices for the common use of the colony, and houses for private persons. Everywhere they tried in this way to form communities dependent only on the mother-city, living under its customs and its laws.

The condition of the Mediterranean should also be described. It was the theatre of continual struggles among the fleets of the maritime powers, of engagements, of scenes of attack and pillage. War was hardly interrupted by truces—if, as is remarked by a writer on the subject, it can be said that there were truces when piracy was pursued all the time, even at the expense of allied parties.¹

Measures, however, were taken against the incalculable evils involved in the insecurity of the seas. Some of them were concerned with the regulation of the course, guarantees exacted from ships' outfitters, the oath to observe the instructions given them—these tended to restrict the extent of the evil: others were the outcome of common action aiming directly at the abolition of it. Even Christian governments were found coming to an understanding

¹ Pardessus, work cited, vol. ii., Introduction, p. xix.

with the Musulman rulers of northern Africa, promising to punish those of their subjects who should equip vessels directed against subjects of the sultans, and undertaking to send galleys under instructions to take orders from the Musulman admiral in pursuit of the corsairs. These praiseworthy attempts, unfortunately, were not crowned with success. Christians and Musulmans ravaged and pillaged at will. In the Christian countries companies were formed to engage in maritime ventures ever bound to end in piracy. In the cities of Africa there were trading associations whose main object was the devastation of the shores of Europe.

Up to the end of the thirteenth century the trade of the countries which were later to form France hardly reached beyond her borders; but gradually industry increased, and the spirit of speculation and adventure sought outlets. On the western coasts active centres grew up; in the interior, Lyons became an emporium; in the north, Normandy and Picardy formed profitable relations with England, Flanders, and northern Europe. Under English rule, Guienne enjoyed a privileged position as negotiating important business with the ports

of Spain and England. She profited especially by the agreements arrived at between the kings of England and the kings of Aragon and Castile. Associations that had long existed were transformed into so many monopolies—such as the “hanse” of Rouen, the “marchandise de l’eau” of Paris, the “jurande” of Bordeaux, the “batelleries” of Orleans, Saumur, Angers, and Nantes.¹ They made compacts with feudal lords, inducing them to grant protection in return for a toll. Gradually, however, the crown obtained supreme control. It inaugurated a customs system, of which the fiscal character was perfected by a solicitude in conformity with the ideas of the age, by the fear of weakening the country if the export of its wealth were authorised.

Province after province adopted prohibitive measures, at first in respect merely to articles of prime necessity, but presently extending to nearly all agricultural and manufactured commodities. A system of exportation licences grew up, the law of “haut passage” or export duties, which arrived at such a pitch that in the middle of the fourteenth century it was decreed that some provinces should be

¹ Pigeonneau, work cited, vol. i. p. 177.

treated as foreign; and this harmful division was long maintained.¹

Import duties were aimed at the foreigner. These offered to the government a twofold advantage, being both a source of profit to the treasury and a bounty to the natives.² The prohibitionist tendency became more and more marked, its character being modified in the sense that the idea of protection prevailed over it in the end.

English trade went through three successive stages. It was municipal in the twelfth century; under Edward I. it became national, and international under Edward III. During the first period, according to a writer on the subject, the merchant from Norwich was in London as much a stranger as the merchant from Bruges. Subsequently local institutions made way for a national economic organization; then from village or town the circle extended so as to embrace the whole country, a customs system being established in the reign of Edward I. which was uniform for all the kingdom. Finally,

¹ "Traites et droits de douane dans l'ancienne France," dans la *Bibliothèque de l'École des chartes*, deuxième série, vol. iii. pp. 465 et seq.

² Pigeonneau, work cited, vol. ii. p. 64.

under Edward III. the international form of exchange was reached.¹

During the early centuries of her commercial history the relations of England extended only to her French continental possessions, the Low Countries, Germany, and Scandinavia. The class of products that were of service to her for her transactions was far from important, wool, coarse cloths, and linens being its main constituents. Thorold Rogers insists on this point, that the English people are not naturally inventive, that for a long while they remained without distinguishing themselves by mechanical introductions, and that in the Middle Ages they did not even adopt readily the inventions of other nations. The essentially rural and agricultural character of the population was probably the cause of this apathy.²

Foreign merchants had to struggle at once against the jealousy of the English and the rapacity of state officers. Nevertheless, there appear under the reign of Ethelred some indications that the royal protection was extending to

¹ W. Cunningham, *The Growth of English Industry and Commerce during the Middle Ages*, pp. 173 et seq.

² James E. Thorold Rogers, *The Economic Interpretation of History*, 1888, pp. 281-83.

their persons and transactions. Some documents will be adduced in the sequel as supplying clues in this respect, such as the *Ley as Lorengs* in favour of the merchants of Lorraine, or such as the privileges granted to the traders of Cologne, who formed up to the thirteenth century a body distinct from the company of the German merchants, the "hanse almaine." The first protective measures taken on behalf of foreign merchants tended to sanction, in the case of those covered by them, a longer stay than forty days. The great charter of 1215 contains a general instruction that foreign merchants, subject to the charges and tolls established by custom, were to be relieved from illegal imposts—in other words, from the exactions of functionaries and the special dues levied by the towns. From the beginning of the thirteenth century, the position may be summed up in a few words: the crown claimed to give foreigners a favourable reception, while the municipalities strove constantly to keep out their competition.

Events followed a varying course: at one time the particularist and national spirit gained the upper hand, at another the royal policy ruled unfettered. Special privileges, issued in

favour of this or that "well-beloved"¹ corporation or city, played a part. Nor were general declarations lacking. In a statute of the end of the fourteenth century the king engaged that foreign merchants should have free admission into the kingdom, and dwell therein "under the safeguard and protection of our lord the king so long as it shall please them, without disturbance or gainsaying by any person whatsoever."² They were to be enabled to sell wholesale and retail the smaller commodities—provisions, spices, haberdashery; their wines, "both sweet and other," they were to sell in gross. The law assigned reasons: by and with the "assent of the prelates, dukes, earls, barons" and the "commons of his kingdom," the king pronounces that the "coming of foreign merchants is good and profitable for many reasons to the whole realm."³

The English cities did not lend themselves submissively to this policy. They even opposed the introduction of foreign artisans, being desirous to remove them from the field of activity which

¹ "Amie."

² "Souz le saufe garde et protection de nostre seignor le roy, tant si longuement comme lor plerra, sanz desturbance ou contredit de persone quelconque."

³ "La venue des marchants estranges est bon et profitable pour moelt des causes à tout le roialme."

they had marked out for themselves, and in which their guilds toiled and laboured. At all times likewise they denied the legality of the king's efforts, and resisted the exercise of the privileges granted by the crown. Discussion and demands were unceasing. The city of London protested in particular, and at every moment turned to account, for the confirmation of its own franchises and its own liberties, the embarrassments created by the king's foreign policy, and his wars with Scotland and with France.

In the fourteenth century the system of "Staple towns" was in vigour. Certain districts in England were appointed where trade had to be concentrated, where the foreign merchant was more immediately protected, where the corporation of the staple—an offshoot of the gild—possessed its own jurisdiction, mayor, aldermen, and constables, and fulfilled the special office of superintending the collection of the taxes due to the central power, and the mode of payment for goods acquired.

The organization of the English Staple towns dates from Edward I., but an ordinance of the twenty-seventh year of the reign of Edward III. greatly developed it, and assigned

for its purposes ten towns in England, one town in Wales, and four towns in Ireland. All merchandise intended for abroad had to be despatched by one of the Staple towns, weighed by the authorities, marked with the seal of the "mayor of the staple," and then forwarded to certain ports.

On the continent some Staple towns existed where the sale of English products had to be effected. A statute of the beginning of the reign of Henry VI. throws some light on the institution. It applied to Calais, whither wools, woolfells, leather, lead, tin, and all goods leaving England, Wales, and Ireland, were required to "passer et repaire" under penalty of confiscation, a fine double the value of the goods, and two years' imprisonment. The informer obtained a third of the price. Nevertheless—and this is an important point—from these harsh regulations the merchants of Genoa, Venice, Florence, Lombardy, and Catalonia were exempt.

The system decayed when in England itself a mercantile class had been formed strong enough to make its wishes prevail, and to abolish all the measures which in reality or appearance favoured the foreigner.

The question of the privileges of the English towns was complicated by the fact that to touch the charter and the "liberties" of one of them was necessarily to arouse the distrust of a number of others. Of these liberties certain "types" had come into vogue. Thus the customs of the city of London, in the form they had assumed at Winchester, had become the customs of most of the towns of the south. In the form they had assumed at Newcastle they prevailed even in most of the Scotch burghs. The customs of Hereford had been adopted in the Welsh marches, while the "liberties" of Bristol had been introduced into Ireland.

At need, however, the crown had recourse to treaties with foreign governments. In 1364, Charles V. issued an ordinance respecting liberty of trade between English and French merchants. In this he gives instructions, makes it known that a treaty of peace has been arrived at between himself and the king of England, by the terms of which all the subjects of both parties "shall be enabled peaceably to collect merchandise and convey all kinds of provisions and exercise every kind of trade, all obstruction being removed," but calls to mind that one condition is indispensable—

the obligation to pay the dues fixed by "ancient custom."

The era of commercial treaties opens really with the latter half of the seventeenth century, when at the end of the Thirty Years' War, and more particularly at the Peace of the Pyrenees, the interests of trade were the object of the powers' solicitude. The treaties of Utrecht at the beginning of the eighteenth century were also the first important treaties dealing with maritime and commercial questions.¹ But before this period a few agreements, not without interest, are found, the credit of which the English government can claim. The principal one of them bears in history the name *Intercursus magnus*, or "great intercourse." It was concluded, in 1496, with the Archduke of Burgundy, Philip the Handsome, and is, so to say, the final issue of half a century of diplomatic negotiations and the revised and perfected form of treaties previously concluded. Rogers goes so far as to say that the wisdom and width of view of the *Intercursus magnus* are sufficiently surprising, and that in many points it is four centuries ahead of its age.²

¹ E. Nys, *Les origines du droit international*, p. 288.

² James E. Thorold Rogers, work cited, p. 111.

The treaty stipulates for liberty of trade, by means of a licence or passport, between the two countries; grants to merchantmen the right of being armed as ships of war; and concedes the right of fishery in waters until then reserved by the English to themselves. According to some other provisions, the ports of the two countries were to be closed to the corsairs, but to remain always open to trading vessels in distress. Enemies' goods were prohibited. The laws respecting persons shipwrecked were mitigated. Flemish merchants obtained permission to dwell in England, and Englishmen the right to reside in the towns of the Low Countries. Duties were to be so collected as not to impair the goods liable to them. Debtors offering sufficient security were relieved from forced sale by order of the authorities. The barbarous custom of reprisals was abolished, and supplanted by regular proceedings in courts of law, whose decisions both governments undertook to carry out. Finally, trade in the precious metals was declared free.¹

The Scotch burghs have, in the commercial annals of the Middle Ages, played at the outset a modest part, yet one that is worth notice.

¹ James E. Thorold Rogers, work cited, p. 111.

Some writers connect the early efforts of Scotch industry with Flemish emigrants who came at first to England, but, being driven thence, chiefly at the end of the twelfth century, sought a refuge farther north, and rewarded a hospitable people by instilling into them a love of work. They cite a charter of the Earl David, brother of William the Lion, addressed to the *Franci et Angli et Flamingi et Scoti*, and the testimony of a document of David II. which speaks of the *lex flaminga*.¹

Mediæval Scotland exported principally wool, coarse stuffs, skins, lead, and furs. The crown traded in the products of its domains, and employed its own ships. The Scotch burghs, which bore, it may be said, the impress of the great Flemish communes, were not satisfied with conferring a real freedom on industry and trade, but also held them in respect and honour.

Belgium in the Middle Ages furnished to the world the spectacle of an honourable activity in which Flemish and Walloon provinces rivalled each other. In the former was displayed a civilisation rich in material comfort and also from an artistic point of view, and no less important if the services are considered which they rendered

¹ *Rotuli Scaccarii regum Scotorum. The Exchequer Rolls of Scotland*, by John Stuart and George Burnett, vol. i., Preface, p. lxxxi.

to the cause of liberty. In the political sphere the inhabitants of the Flemish communes exhibited the civic virtues; they struggled against every move of despotism, and they realised the idea of "self-government" with a remarkable understanding of what was legitimate in the popular aspirations, and even in the imperious exigencies of the general situation of western Europe. The views of some of their statesmen were not limited to the surroundings of their native city, for they looked far into the distance, and seem to have penetrated the secrets held by the future.

A laborious population united tenacity and boldness of enterprise. In this lies the explanation of the work of those humble emigrants that in the twelfth and thirteenth centuries travelled afar to labour at the draining and clearing of German lands, laying the basis of fertile farming settlements, creating also social formations which were later to become towns, or who carried into England the elementary ideas of industry. Thus is explained the unceasing toil undergone on the soil of their native land, which resulted in the material production of the fourteenth, and in the artistic expansion of the fifteenth, century.

Flanders took a high place in the international

world when the Italian republics began to seek fresh highways and new outlets beyond the Straits of Gibraltar. The country was fitly marked out to form a favourable territory for the operations of trade. Their industry was important; countries on their borders abounded in products; and, a matter of great moment, their markets made feasible the establishment of convenient points of contact between the peoples of the north and the south. The Italian cities despatched thenceforth by sea the commodities of the Levant, which had been at first supplied to the far west by Slavs and Germans, afterwards by the Italians themselves, who employed the high-roads and the Rhine.

Among the articles produced by the skill and industrious habits of the Flemings the first place was taken by textiles, which formed a considerable portion of their trade. The latter also included other goods manufactured or worked up in Flanders, the products supplied by Germany and by the countries to the north of Europe and conveyed by the Hanseatic merchants, and the natural products of neighbouring countries and districts. And if to these facts be added the kindly disposition of the inhabitants, their regard for uprightness in


business, and the welcome accorded to foreigners, it is easy to understand how this nook of territory became an important international market. However, Flanders had not at that time in Europe the economic position which England has acquired for herself in the modern world. At the epoch under review commercial and industrial pre-eminence had not ceased to belong to the Italian republics, civilisation being still above all "Mediterranean."

Two cities, Bruges and Ghent, should be singled out.

Bruges was the mart of western Europe. Nature had bestowed on her a privileged situation, the wide curve of the Zwyn with its creeks running far inland offering to vessels a safe and roomy roadstead. The town thus became *par excellence* the port of Flanders. Her trade was considerable. She was visited by merchants from the most distant countries, and sheltered within her walls seventeen foreign trading-bodies. Apart from calculations and statistics, a single consideration brings out her commercial character: several of the economic methods invented or perfected in the Middle Ages by the commercial races, and especially by the Italian republics, were there accepted many years before

being adopted in the other countries of the north and west of Europe. Bills of exchange appeared in Bruges from the end of the thirteenth century. About the same period marine insurance was resorted to, apparently against the risks of war and piracy. The combinations of credit were turned to account. The historian notes the alienation of rent and public loans, and finds evidence that "loan-tables" were sanctioned in return for a fee paid to the authorities of the commune. One institution which arose in the towns of the Latin East received from the name of the Van der Beurs—the proprietors of the building where merchants gathered together—the name of "bourse," which it still bears to this day. L C

If Bruges was the town of commerce, Ghent was the home of industry. There thousands of workmen were not content merely to produce cloths and linens, and to sustain by their toil commercial interchange, but stood together and organized themselves with the aim of realising a democratic government and ushering in the reign of justice. In this respect the political history of Ghent is instructive. Nowhere perhaps, with the exception of Florence, was the organization of trade so looked to, so complete.



Nowhere did it develop more thoroughly its beneficent results, the power of the idea of solidarity, the regard for fellow-workers; nowhere, too, did it exhibit in higher degree its lamentable consequences, the excess of monopoly, the desire to prevent all competition by minute regulation, by constant supervision, and, if need were, by brute force.

The fatal policy of the dukes of Burgundy struck the first blows at the prosperity of the communes. Their privileges were attacked; a blow was aimed at their industrial and commercial importance. The dissensions and jealousies of the cities added to the evil. Internal complications, difficulties brought about by foreign policy, awakened the susceptibilities and uneasiness of international trade, ever ready to become alarmed and to seek a more favourable ground as soon as it has noticed any cause of trouble and insecurity. Another misfortune yet more grievous, the silting up of the Zwyn, deprived Bruges, one after the other, of its coast-harbours, Damme and Écluse; and at the end of the fifteenth century the town was ceasing to be one of the great commercial centres of Europe.

Antwerp succeeded to the inheritance: there the foreign corporations that had helped to

create the international position of Bruges established themselves. But Antwerp added to this inheritance, and during half a century was the centre of trading and financial transactions which had multiplied a hundred times owing to the enormous extension of the geographical sphere. She fell in her turn, not through her faults but through the action of religious hatreds and the perfidy of rival nations. During her period of greatness two features especially characterised her commercial and administrative system—a fine spirit of freedom, and the admission of foreigners on equal terms.

The Dutch towns, which had also long been launched on a commercial and maritime career, succeeded to Antwerp in respect to international trade. Their geographical situation was exceptionally favourable. It is enough to consider how wide rivers transported the products of Germany, Flanders, Brabant, and Liège; that only a few days' sail separated the countries of Norway, England, and the northern coasts of France; that, cut up and indented by the sea and the watercourses, the region seemed destined by nature to raise a population of seamen.

On the morrow of the conquest of their

independence the United Provinces formed in the East Indian seas a real empire, the direction of which, from 1602 onwards, was in the hands of one company. By the terms of a concession from the States General, it had the exclusive privilege of navigating in the East Indies: it might confiscate foreign vessels, make war, and conclude peace. As early as the year 1609, the power of the company was attested by its army of 6000 men, eleven forts, and nine ships of war. In the middle of the century a long series of discoveries, of territorial annexations and conquests, confirmed and completed early successes. Need it be said that monopoly seems to have been the very essence of this colonial system? Every foreign merchant was excluded, every ship not Dutch was seized. On the wealth itself of the Netherlands, its commercial transactions, the position accorded to the republic in European affairs, the possession of fertile colonies, and the formation of one of the most powerful marines in the world exercised the most fortunate influence. The Dutch were for a long while the "middlemen" of trade, inasmuch as the business of transport belonged to them almost exclusively. It is as well to make this clear, since it furnishes a natural explanation

of the policy they pursued in respect to the fundamental problems of the law of nations relating to the freedom of the seas and the commerce of neutrals. At the beginning of the sixteenth century, a Zealander, Nicolas Everardi, the illustrious president of the great council of Mechlin, had proclaimed freedom of trade in all seas and in all rivers. A hundred years later, Grotius in his *Mare Liberum* contested the claims of the Portuguese and the Spaniards to exclusive dominion in East Indian waters. In the seventeenth century, the United Provinces strove to obtain in treaties the recognition of the principle that the flag should cover the merchandise: that is to say that the neutrality of a vessel should render exempt from capture the goods that it carries, whatever their provenance.

In another sphere the United Provinces exercised much influence; in their cities, particularly in Amsterdam, the mechanism of banking was perfected. Mediæval Italy had educated the world in business, had taught it a good and easy method of keeping books, and an excellent terminology. Holland transformed and improved more than one mode of procedure, more than one fashion of financial operations. In the banking system she introduced innovations

afterwards utilised in London, especially at the time of the founding of the Bank of England in 1694, which owed to Dutch practice a portion of its statutes, and perhaps even the first idea of its creation.

To the modest beginnings of the Hanse there soon succeeded a brilliant epoch. The confederacy, which in the thirteenth century consisted of a few towns, soon comprised some forty-eight. The wide circle of its mercantile operations embraced territories on the shores of the Baltic and the North Sea, and extended into northern and central Russia.

The delegates of the confederates gave a general impetus to trade, but one defect of organization was fatal to common action; this was the power allowed to the cities of adopting measures, and pursuing a line of action, independently of their associates. Moreover, grouping and segregation were at work, as a result of which such and such towns placed themselves under the hegemony of a more powerful town.

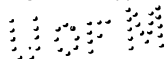
The Hanse endeavoured to obtain for itself very considerable privileges. Its establishments were extra-territorial, amenable only, save in grave charges, to the authority and jurisdiction of magistrates elected by members of the associa-

tion. Their precincts, which were sometimes even solid intrenchments, afforded protection.

Unrelenting egoism, besides, was the mark of their policy. The stranger was not admitted to serve on board Hanseatic vessels, nor might he freight them with his merchandise; all dealings between those belonging and those not belonging to the Hanseatic League were forbidden.

An interesting chapter in the history of the League refers to the attempts it made to expel the Scandinavian element from northern markets. For a long while the latter had held the trade with Russia, a part of Asia, and with the Byzantine empire. The isle of Gothland constituted a much frequented emporium where Slavs, Greeks, and even Arabs, met the merchants of the north. By degrees the Germanic element became prominent, made its adversaries withdraw, and gained the upper hand.

The chief defect which has been pointed out in the Hanseatic organization, the want of cohesion due to the power of isolated action retained by its towns, the great progress made by countries formerly open to their enterprise, the sudden deviation caused in European commerce when America was discovered and new maritime routes were opened towards the farther



east, all this brought with it decadence. About the middle of the seventeenth century, the last Hanseatic diet was held; the League then consisted only of Lübeck, Bremen, and Hamburg.

On German soil autonomous towns had risen where burgesses and artisans, ranked in corporations and crafts, lived an active life, and brought into trade natural products and manufactured articles. Raw material, wines, costly stuffs, cloths, linens, arms and armour, jewellery, ores and wrought metal, were put upon the markets which the wide waterways of the Rhine and the Danube connected with Italy and the East. Powerful business houses grew up in some of these towns, and acquired names famous in the history of commerce. The sale of products, financial business, and the working of mines formed the object of their combinations and speculations. In the sixteenth century their controlling influence extended beyond the German frontiers. They had their offices and agents in the Low Countries, Portugal, and Spain. They made loans to kings, and undertook the financial operations of states. They attempted enterprises from which some governments shrank, such as the colonisation of immense territories in the New World.

The Slavs brought to the general labours their share as collaborators. The expansion of their tribes towards the west had been arrested by the Germanic race; and if at certain points — Illyria, Macedon, and Greece — they had made their way through, at others a reflex movement had occurred, particularly where the Teutonic Order had been set up. In central Russia, where stability had been attained, the Slavonic race had formed a few towns, among which should be mentioned Novgorod. Situated in central Russia, a land watered by rivers belonging to the three hydrographic systems of the White Sea, the Baltic, and the Caspian, "My Lord Novgorod the Great," as the community styled itself, possessed a strong organization, a wide-reaching commerce, and a turn for adventure. The town traded with the Scandinavians and with the Hanseatics, extended her dealings towards Asia, and engaged in expeditions, partly of pillage, partly of commerce. Another city that deserves attention was Pskof, which, by the treaty of Bolotof in 1348, formed an intimate connection with Novgorod, the latter becoming the "elder brother," Pskof the "younger."

The picture of the industrial and commercial

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activity of Europe in the Middle Ages would be incomplete without some few additional features. As a whole, the then industrial development constituted something accessory and limited, for civilisation assumed an agricultural character. From this very point of view, it should be noted that private property was far from being firmly established, that there were many common lands, and even lands without a master. Population was sparse, often lessened by plagues, and still more often by famine and war. Wars, especially, were the dread scourge of the mediæval epoch. There was never peace, but ever cruel and bloody struggles, which, by their consequences rather than by the actual conflicts, brought with them yet more ruin. Capital was scarce; savings were all but non-existent. All this doubtless should be stated with modifications and limitations. If in some countries the situation was almost primitive, in others some elements of modern society were showing.

The corporate character of the economic organization has been already insisted on. From the historical standpoint, the craft societies were closely bound up with the groups of workers formed on the domains of the great proprietors



as a sequel to the Germanic invasions. The first traces of them are found in the twelfth century, and it is certain that they assisted the growth of the communes instead of being created by them.¹ Logically considered, work itself appeared as a collective, not as an individual, right.²

In his interesting book, *Le siècle des Artevelde*, M. Vanderkindere has shown how the protection of man was the essential principle of the economic system of the Middle Ages, and how work was encouraged in order to the common good, and not as furnishing to some the opportunity of enriching themselves to the detriment of others.³ Excepting divergencies of detail imposed by local or ethnical circumstances, nearly the whole of Europe offered in this respect a similar spectacle. The end which the guild aimed at was the rule of a proportional equality; hence its minute regulations and exaggerated precautions. Industry on the large scale was made impossible. The engrossing of raw materials was forbidden. Partnership was

¹ G. Fagnier, *Études sur l'industrie et la classe ouvrière à Paris au XIII^e et au XIV^e siècle*, p. 3.

² *Ibid.* p. 178.

³ L. Vanderkindere, *Le siècle des Artevelde*, p. 105.


looked at askance. The master might engage only a very limited number of men, and follow only a limited number of trades. External as well as internal competition was kept at a distance. Not a foreign workman could be employed when there was no scarcity of labour in the commune itself. No articles from without that resembled the home product might be offered for sale. The interests of the purchaser were looked after as well as those of the seller. There were precise instructions regarding the proofs of competence to be furnished by workmen, and, as far as possible, determination of a price just, and in conformity with the theories of publicists on the legitimacy of all profit. The stability of wages was arranged for as much as it could be, measures being taken to prevent a fall, as well as to check demands for a rise, in their rate.¹

It would be superfluous to eulogise the generous ideas expressed by the whole system, and equally superfluous to emphasise the dignity it helped to confer on the burgess and the workman. It was due to the guilds of the arts and crafts that in most of the communes the

¹ L. Vanderkindere, work cited, pp. 106 et seq.

triumph of democracy was confirmed, and that resistance was organized against the oppression of the royal power. Throughout Europe the history of the cities includes some glorious pages. It should not be forgotten that at the time of the movement which, in the middle of the fourteenth century, ended in the organization of the communal government of Paris, the support of the trade corporations sustained Étienne Marcel in his noble endeavours.

At the same time, it cannot but be remembered that often the members of the corporations, or rather the workmen whose occupation did not at all accord with the fixity and stability of the corporations, suffered in behalf of justice. When the official organization strove to impose or maintain itself by tyrannous measures, some obscure heroes rose in order to utter the eternal protestation of man. They were persecuted, hunted down, and punished. History, however, takes little notice of their attempts. Were they not only "rebels" whom authority struck at, whom their less unfortunate brothers even denied? The documents are wanting. A few lines attest the fact itself of conspiracies or of revolts. The secret associations, the "brotherhoods of wage-



earners," the coalitions of the artisans, are hardly at all known to us but for their having called forth harsh decrees, or having occasioned savage sentences.

At Paris a society, the members whereof were affiliated under an oath, was proclaimed illegal, when, in 1358, the policy of reaction was declared. The delegates of the burgesses of the Prussian towns drew up, in 1358, a severe ordinance to terrorise the journeymen that raised a cry about the improvement of their lot, every striker being condemned to have an ear cut off. At Danzig, later, appeared the coalition of the masters, who bound one another to keep their workshops closed for a whole year to suspected workmen. In London, in 1387, some journeymen formed themselves into a fraternity, thus declaring themselves in rebellion against the corporations and official guilds. Their example was followed, but the burgess classes lost no time in taking legislative measures in order to silence complaints and demands.

In the Middle Ages serfdom was in western Europe wellnigh general. It disappeared during the course of the thirteenth century from a few countries only. In several it was kept

up, in more or less mitigated forms, until the eighteenth century. In its unqualified state serfdom was in truth subjection to the soil: even in its mildest instances it was the negation of the dignity of man. The peoples of the rural regions learned to demand their liberty, and from the fourteenth to the seventeenth century furious struggles arose.

In more than one country slavery still existed.

Venetians and Genoese not only engaged in the slave trade, and conveyed white slaves to Musulman markets, but also retained the institution in their towns, where, until the fifteenth century, slaves of both sexes were sold.

In 1481 a preaching friar could remind his hearers that Venice included in her population not less than three thousand slaves, natives of Africa and Tartary, besides others of Slavonic race. The republic was solicitous to preserve the secrets of the manufacture of its products, whence issued a series of decrees bearing minutely on the employment of the slaves, and showing irrefutably how servile labour must have been much used in Venetian industry. It was forbidden to take slaves out of, or to sell them outside of, the territory of

the Seignior, lest they should disclose methods and processes. It was strictly forbidden even to employ them in certain occupations. In 1368 an express order forbade the introduction of additional slaves of Tartar speech, inasmuch as there were too many slaves, and those of Tartar speech were the most turbulent and most dangerous.

In their colonies Venice and Genoa maintained the institution of slavery, which existed also in the principalities and kingdoms founded by the crusaders. Florence likewise had slaves : in the last third of the fourteenth century nearly four hundred of them were sold, the greater part being women. Very few Italian towns escaped the contagion and decreed the abolition of slavery, such as Pistoia in 1205, Vercelli in 1243, Bologna in 1256. These were isolated instances.

One fact is significant in regard to pontifical Rome. In 1488 Innocent VIII. received from Ferdinand and Isabella about a hundred Moors ; these unfortunate beings, who were in chains, the Pope distributed as gifts to the cardinals and foremost men of the city.

In Sicily the institution lasted longer than the Norman rule. The constitutions of the

Norman kings are explicit. Several official documents confirm them, and a charter of Frederick of Aragon of 1296 contains formal instructions on the subject.

Christian Spain likewise retained slavery, and it was kept up in certain places in the south of France. In the thirteenth century some Saracens were sold at Narbonne, and Perpignan had still slaves in 1612.

At the end of the fifteenth century two great events occurred: the discovery of the New World, and that of the way to the east through the South Seas. The desire to undertake distant voyages had been long awakened. Without tracing it to antiquity, which had essayed to pass the Pillars of Hercules, and to break into that immense river of Oceanus, which, according to accepted notions, enveloped the exterior circumference of the large disk formed by the inhabited earth, it is enough to mention the enterprises that followed one another after the opening of the twelfth century of our era. Some Genoese navigators coasted along the western shores of Africa; others went towards the north, and visited the European coasts on the Atlantic. The first seamen of Genoa of whom English

history has preserved the memory date from the reign of Edward I.¹ It was not long before the Catalans also adventured on perilous expeditions, and the Portuguese in their turn began that wonderful succession of maritime enterprises which was to conduct them to the far East. In 1486 Bartholomew Diaz made his notable voyage beyond the extreme point of the continent of Africa. On the 22nd of November, 1497, Vasco da Gama rounded the Cape of Good Hope, and on the 20th of May, 1498, reached Calicut. The bright lands of the rising sun were thenceforth open to European enterprise. On the 12th of October, 1492, Christopher Columbus, in the name of Jesus Christ, took possession, for the crown of Castile, of the island of San Salvador. He had just discovered a whole world. Thus, according to Chateaubriand's saying, "a new nature was coming to light; the curtain was being lifted that had for centuries hidden a part of the earth."

These geographical discoveries totally altered the commercial situation. Not only should the riches they caused to flow forth be mentioned, and the spur they gave to industry, if not

¹ E. T. Hamy, *Études historiques et géographiques*, p. 3.

immediately at least in the course of fifty years, but also the fact that the theatre of national operations was changed. Thenceforth the Italian cities fell into the background, and the direction of affairs passed to the peoples of the Atlantic coasts. The Iberian peninsula, which juts out, so to say, ahead of Europe, was the first to profit by the new contributions to knowledge and activity, but it was not long before this supremacy was lost, to become in unequal shares the prize of France, the United Provinces, and England.

Coming disaster did not reach the Italian republics without their being aware of the danger. Already the threatening march of the Turks towards the eastern basin of the Mediterranean had sounded a solemn warning. The routes of Asiatic trade were in peril. The conquests of the Ottomans in Syria and in Egypt directed the efforts of Venice towards an alliance of the Slavonic peoples of the Balkans, and the opening up of land routes to bring the trade of the Seigniorship to the Black Sea. The urgent necessity of utilising the recent discoveries was noted by the diplomatists of the republic in the early years of the sixteenth century, and in 1512 some Venetian merchants installed their

agents in Lisbon. But it was all to no purpose ; the rush to the west was irresistible.

From the political standpoint, the consequences of the geographical events of the end of the fifteenth century showed themselves chiefly in diplomatic combinations, disrupted alliances, and leagues with the object of colonial acquisitions. Italy was thrust out of the sphere of action, reduced to impotence, and underwent the bitterest experiences. The stranger became master of her most beautiful provinces, and the fatal supremacy of Spain was nearly everywhere unquestioned. Some states until then prosperous, such as the Milanese, were ruined. Others, like Tuscany, after the enjoyment of a prosperity more apparent than real, were abandoned by the most skilful and industrious of their children. Others, finally, were given over to the evils engendered by an administration of which rapine and violence seemed to be the only principles, such as the kingdom of Naples and Sicily. To the territory of the Church accrued new possessions. In this connection an economist has gone so far as to say that, with the exception of the reign of Sixtus V., no states in Europe were so long ill-governed as those of the Roman pontiffs. Genoa entered upon

financial operations, and monopolised a large share of speculative and loan transactions. One city suffered more cruelly than all the others. This was Venice. She found herself hemmed in by Spain ; her products, merchandise, and transport service were struck at with heavy duties. She lost her continental and insular possessions in the east, while she was forced to waste her strength in unceasing struggles with the pirates of the Adriatic. Nature, too, showed herself hostile. In spite of tremendous toil, the sands choked her basins and channels, making egress impossible for large vessels and giving access only to those of a moderate size.

CHAPTER V

THE POLITICS OF TRADE

✓ | THERE is a passage of Libanius, the master of St. Basil and of St. John Chrysostom, which is frequently quoted by the writers of the Middle Ages. The illustrious professor of the School of Antioch sets forth the divine will as shown in the fact of commerce—"inasmuch as in his unlimited solicitude the Creator of heaven and earth has not willed it that everything should be found only in a single country." On His will it was that the ancient publicists based definitely the duty incumbent on men to dispense advantages and accept them in return. Thus, in their opinion, arose what is called the freedom of trade among nations—that is to say, the right of entry, residence, and trade in a country.¹

The developments of free trade, so understood, show themselves clearly. Concessions granted

¹ E. Nys, *Les origines du droit international*, p. 278.

to certain persons, to certain localities, or sometimes for a limited term, were so many early manifestations of it. Then came the idea of the free entry and sojourn of the foreign merchant. Finally the idea of freedom of trade was, though incompletely, triumphant. In practice, this freedom remained, with rare exceptions, surrounded by restrictions. The export or import of certain commodities was forbidden. Only specified places were open to trade from without. The modes of importation or exportation were prescribed. Very often special taxes and customs dues were established to the advantage of one nation or the other.¹

Freedom of exchange was enunciated perhaps for the first time by a French writer of the beginning of the seventeenth century. In a book entitled *Le nouveau Cynée ou discours d'Estat representant les occasions et moyens d'establir une paix generale et la liberté de commerce par tout le monde*, Éméric Crucé, in 1623, upholds at once the cause of peace and the interests of trade. In respect to the latter, he admits that the prince may derive some money from the merchandise imported and

¹ G. F. de Martens, *Cours diplomatique*, vol. iii. "Tableau des relations extérieures de l'Europe."

transported, but declares that he ought to make moderate demands, especially in regard to commodities necessary to life. He lauds trade, and proclaims that "there is no occupation comparable in usefulness with the merchant's, who legitimately increases his means at the cost of his labour, and often at the risk of his life, without causing harm to any one." He extols the ideal state of things that would come about if communication between all nations were unrestricted. "What a joy it would be," he says, "to see men going freely from one place to another and having intercourse, unhampered by scruples as to nationality, ceremonies, or other such diversities, as if the earth were, as it is in reality, a city common to all."¹

Need it be recalled that long years passed before these fine principles were proclaimed anew? In fact, it was in the middle of the eighteenth century that Adam Smith in Scotland and Turgot in France upheld the liberal doctrine.

The first writing of Turgot's on an economic subject dates from 1756. With him Smith had had friendly relations, and he knew personally most of the economists who had ranged them-

¹ E. Nys, *Études de droit international et de droit politique*, pp. 301 et seq.

selves round Quesnay. Was he inspired by the ideas expounded in France? The question should, it seems, be answered in the negative. Most probably so early as the year 1752, or at all events 1753, he expounded, in his course of moral philosophy, the principles that he developed, in 1776, in his famous book, the *Inquiry into the Nature and Causes of the Wealth of Nations*; and, in 1755, he argued in favour of his system of liberty before the members of a society in Glasgow.

Another circumstance can here be added. In the first part of his *History of Russia*, which was printed in 1759, Voltaire wrote the remarkable words that "the English obtained in the middle of the sixteenth century the privilege of trading to Archangel, free of duties," and that "it is in this way that all the nations ought perhaps to trade with each other."

To describe, however, the attempts made to put into practice the principles of free exchange would be to go beyond the scope of these studies. They belong to the nineteenth century.

In the Middle Ages one note was dominant. Nearly everywhere measures of alleged necessity were in force. Apart from the prohibition of all trade with an enemy, there was, as M. de

Maulde la Clavière remarks, an "extremely vigilant surveillance exercised at all times and in every country over the export of provisions, especially of corn."¹ It is not necessary to resort to a theoretical explanation in regard to such a measure, which springs out of the conception of the first duty of a community, that of looking after its sustenance. Nevertheless, if a theory be insisted on, the instruction given by many writers may be noted. The Aristotelian idea that the city should be self-sufficing was developed by St. Thomas Aquinas, particularly in the *De Regimine Principum*. A jurist who took a great part in political and administrative affairs, Andreas de Rampinis (*ab Isernia*), reviewed the subject of supply solely from the standpoint of utility, and approved all the restrictions that "just causes" may impose on commerce. Bartolo and Baldus de Ubaldis showed that bad administration occasioned great dearths. At the end of the fourteenth century Heinrich von Langenstein held that the permission to import, and the prohibition to export, corn were means of remedying famines.

In the Middle Ages dearths were frequent.

¹ R. de Maulde la Clavière, *La diplomatie au temps de Machiavel*, tome iii. p. 303.

The returns of agricultural labour were inconsiderable. Implements were rough, owing chiefly to the high price of iron, and methods of working were faulty. Further, apart from natural causes, and in particular the lack of solar heat, evidence is forthcoming, constantly and in all countries, of the ravages of war. We have already dwelt on this sad subject. Struggles against the foreigners, struggles among people of the same nation, struggles among the burgesses of the same town ; all this was repeated throughout western Europe with a dismal monotony. Hardly were a few years' respite granted to a country for the recovery of material prosperity when fresh causes of dissension and combat arose. In certain districts, even in the fifteenth century, the necessity of repopulating was felt. Provence was ravaged in the fourteenth century by civil wars and by companies of adventurers, and in the fifteenth century attempts were made to introduce colonists, who were supplied finally by Italy. In the thirteenth century Provence herself had furnished many immigrants to the kingdom of Naples when it was conquered by Charles of Anjou.

The insufficiency of local resources induced prohibitive measures to such a degree that they

formed obstacles to national unity. This was the case in both France and Italy. In respect to the latter country a writer points out that a desire to retain the grains was the principal factor in Italian particularism.¹ All the Italian governments pursued the same line of conduct, and one publicist even contends that when, at a certain time, Florence applied in this matter a free-trade system, she did so not from principle but in desperation, because all other methods had failed.²

Prohibition was by no means limited to indispensable necessities. In some countries it became general. The reign of Louis XI. in France is typical. This prince had recourse to extreme measures. According to the author of *Diplomatie au temps de Machiavel*, he wished the State to engage in manufacturing, trading, and ship-owning. With the assistance of Italian workmen he set up the production of cloth of gold, silver brocade, thrown and spun silk, the cost being met directly by the royal treasury; and to defray this expense he laid a customs

¹ R. de Maulde la Clavière, work cited, vol. iii. p. 304.

² Robert Pöhlmann, "Die Wirtschaftspolitik der florentiner Renaissance und das Princip der Verkehrsfreiheit," p. 17, in the *Preisschriften der Fürstlich Jablonowskischen Gesellschaft* of Leipzig, 1878.

duty on similar cloths and silks brought from abroad. He purposed working mines. He tried to introduce the business of sea-carriage by giving up to it some royal vessels, and issued an absolute prohibition against receiving into France any Levantine grocery that was not carried in a French ship.¹

In England there was in operation an ingenious mechanism destined to carry out an idea to which attention has already been called, the idea that the wealth of a nation consisted in the possession of the precious metals. It was not peculiar to the Middle Ages. It had led Rome to take steps to forbid the sending of currency out of Italy, and not only especially to prevent the Jews' forwarding money to Jerusalem, but to disallow borrowing in Rome by provincials, and to cancel contracts that might have been entered into. The system of the Staple towns was turned to account by the English government to ensure that every transaction with a foreign merchant should be settled by a payment in money. An officer, the "King's Exchanger," employing deputies and clerks, certified such payment, determined the value of foreign in English money, and changed foreign

¹ R. de Maulde la Clavière, work cited, vol. iii. p. 311.

coins. There were statutes to compel the foreign merchants to use the English money they received for their wares in the purchase of English goods. Other statutes forbade the export of gold or silver money, and often even the export of bullion. The government claimed to intervene in the delicate questions of bills of exchange, and to have the monopoly of negotiating them. It was only in the beginning of the sixteenth century that the simple idea was grasped that without bills of exchange foreign commerce was impossible. The export of gold and silver currency continued to be prohibited until 1816. Even then the export was authorised only of gold in bars, of foreign coin, and of ingots coming from foreign mints. It is true that it was enough to affirm under oath that the bars presented for export were so derived, and that the people hired to swear should take the oath, which cost for "sworn-off gold," as it was called, three halfpence per ounce.¹

In Flanders the principle of freedom of trade was generally accepted in regard to cereals. Some variations from it are found, but this general tendency is shown clearly enough.

¹ James E. Thorold Rogers, *Economic Interpretation of History*, p. 187.

After the sadly early death of Mary of Burgundy the States General were convened at Alost. The instructions of the deputies from Bruges as to the point here under consideration were precise. They were to vote for the freedom of trade in foreign grain, and for fixing the price of the home-grown product in such a manner as not to hamper importation, seeing that the production of the country could not meet the wants of home consumption. Home-grown grain was not to be exported, but to be distributed among the towns and manors. In order to prevent the rise of prices, the deputies were to recommend the purchase at the common expense of provisions to be shared between Ghent, Bruges, Ypres, and the towns dependent on them.¹ This was in 1482. At the beginning of the sixteenth century exportation was often forbidden. In some years, particularly in 1521, importation from abroad was free, the merchants of all countries being permitted to discharge at Antwerp, Middleburg, and Veere, all kinds of grain free of duty. Various restrictions were enforced, it being specially forbidden to sell to others than the "public" merchants

¹ Gilliodts van Severen, *Inventaire des archives de la ville de Bruges*, vol. vi. p. 226.

on pain of confiscation and punishment by the legal authority. In the seventeenth century the government regulated the customs all through the territory of the Spanish Netherlands, but its decisions were dictated by powerful neighbours, especially the United Provinces.

The Italian cities had organized the system of the *Annona*. Under various names, authorities were constituted nearly everywhere to undertake the duty of keeping the community supplied with provisions. It was admitted not only that the government ought to look to it that they should be in "abundance," but also that it ought to have the monopoly of the grain trade. At Naples a liberal experiment was tried in 1471, freedom of trade being allowed to foreigners, as well as to natives, without the imposition of a duty. But the attempt did not last long, and Diomede Caraffa praises King Ferdinand for having re-established the monopolising of the crops by the State, and its fixing their sale price. The saying that hunger is the principal cause of riots and rebellions occurs constantly in the writings of the period.

In the kingdom of Naples this terrible scourge was widespread, and was a consequence of the system of *latifundia* belonging to the

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later times of the Roman empire. The *tavoliere*, or plains of Apulia, which in one writer's words might be the "granary of all Italy, or become indeed one meadow of vines and fruit-trees,"¹ still form in great measure an uncultivated steppe, serving merely for pasture. Some centuries of bad administration brought about this evil condition. At the time of the imperial decadence the main resource of the treasury was the revenue levied on the cattle that wandered in summer on the mountains, and in winter on the plains, under the guidance of shepherds, over the fields that had been turned into pasture. The government of the Ostrogothic kings, the rule of the Lombards, of the Norman, Angevin, and Aragonese princes, followed to aggravate the situation, and to hinder cultivation. Alfonso of Aragon even set up a special department for overlooking the nomad flocks, which brought in finally the sum of 380,000 gold ducats. The so-called interest of the government seemed to lie in preventing any portion of this immense region from being devoted to human labour and activity, and consequently in opposing by every means the encroachment of such labour and

¹ François Lenormant, *A travers l'Apulie et la Lucanie. Notes de voyage*, pp. 16 et seq.

activity on what was considered one of the most important regalian rights of the crown. One monarch alone, Frederick II., attempted, but in vain, to apply a remedy.

According to the observation of a Dutch writer, freedom of trade was, in the United Provinces, the ancient idea, the duties imposed being considered an evil. When the country had valiantly conquered its independence, the maritime districts assumed the direction of the general policy; that is to say, the interests of trade became more than ever the object of a lively solicitude.¹ Prohibitive measures elsewhere introduced without exciting opposition were in Holland resisted. So early as 1551 Amsterdam made an outcry because during time of war at sea the government held as contraband pitch, tar, leather, and masts. Later the merchants of the same town claimed to have the right to continue trading as middlemen or agents with the enemy at war with their own country: they put their views into practice and supplied him with powder and military stores. A declaration of 1625 by the States General themselves gave out the note of their traditional policy:

¹ O. van Rees, *Geschiedenis der staatshuishoudkunde in Nederland tot het einde der XVIII^{de} eeuw*, vol. i. p. 184.

"Life," it runs, "comfort, and the good repute of the State consist in its navy and maritime trade."

Their liberal policy was not limited to matters of tariffs and duties, but was shown in the welcome received by foreigners, who were readily made "freemen" of the cities, and whom the corporations and guilds accepted as members on no very hard conditions. Not that there were not occasionally acts of intolerance, but, generally, these were exceptional. Besides, the facts are there themselves. The land was greatly resorted to. It is enough to recall the exiles that fled to it from fanaticism and despotism, those especially who escaped from the Spanish Netherlands, from Germany, France, and at a certain period from England and Portugal, and sought refuge on the soil of Holland, whither they carried their activity, talent, industry, and that moral dignity which springs from hardships endured for the sake of a noble cause. It is enough to point to the artisans that came from neighbouring countries, men of Eastern Friesland and Westphalia, and to the Danish and Norwegian workmen, who were excellent shipwrights. Lastly, that Jewish element, of which the influence was specially to the good, should not be forgotten.

Spain presented quite a different aspect. At the end of the fifteenth century Castile was subjected to a system as complete as possible of regulation and protection, which was not long in being applied to other Spanish countries. A too great share in it was reserved to the action of the king, whose activities and efforts tended to the creation of industry and the encouragement of exportation, and who did not shrink from measures in the long run disastrous. It sufficed that the immediate result should seem fruitful. One measure, which was to issue in the ruin of agriculture, was called forth by the desire to encourage the breeding of cattle as more remunerative and of more immediate commercial advantage. Another measure aimed at constraining foreign trade to carry away native products amounting in value to what it brought.

Such political economy as this extended from Castile to the various kingdoms of the peninsula subject to the crown of Spain. The country was rich in raw materials, especially in wool and iron, and in wine; and the government was desirous to introduce and organize industrial production. In the system applied, one of the most complete exemplifications of that "regalism" which has served in many countries as a transition from

the mediæval to the modern epoch, the establishment of corporate bodies was turned to the advantage of the royal authority now grown predominant. Political circumstances, besides, explain the course of things. Owing to the long struggles against the Moors, and to the decisive victory of 1492, the central authority had become in reality all-powerful, and the equilibrium between the crown and the different forces that until then had been able to act by its side was destroyed. Clergy, nobility, *comuneros*, saw their rights curtailed or abolished. From the economic standpoint, the position—wholly of conquest—in which the royal office was placed conferred on it immense crown lands; the State became the largest proprietor. Without counting the estates acquired by the crown by right of conquest, or as a result of many confiscations, there was to be reckoned the revocation of territorial privileges formerly conceded to the towns, as well as the sequestration of the extensive possessions of the masterpieces of the military orders. These proceedings were a cause of weakness, of a sudden arrest of individual activity, and of a frequent resort to measures prompted by an immediate pecuniary interest.

Moreover, the nation was becoming exhausted.

“Through bleeding after bleeding Spain fainted,” writes Michelet, in reference to the losses due to the expulsion of the Jews and the Moors, and the emigration to America.

Wars of a political and religious character had fanned patriotism and fanaticism to a high degree. Quite as much as its rulers the people cherished the dream of the exclusive domination of the Spanish and Christian element. Hence came to pass those horrible events, the persecutions of the Jews and Moors, and the savage measures taken against them. Hence were perpetrated the hateful crimes of the Inquisition, an institution at once religious and political. We shall have to recall the abominable treatment to which the Israelites were subjected. Cruel edicts were directed against the Moors. In 1502 all those that refused to be baptized were condemned to exile; and from that moment the converted Moors, or Moriscoes, were the object of atrocious persecutions. In the middle of the sixteenth century revolts burst forth. In 1571 bloody repression abolished every attempt at resistance, and at the beginning of the seventeenth century the final expulsion, accompanied by refinements of perfidy and cruelty, was made.

Hatred of the stranger was general. It

appears in the proceedings of the government in regard to the finances and the customs, as well as in the approbation which these measures received from the representative assemblies. The laws enforced against the Jews and the Moors deprived Spain of persons distinguished by their activity and industry, of skilful and laborious husbandmen and workmen. When some enterprising foreigners attempted to fill their vacant places they met with general opposition. In 1515 the Cortes of Castile petitioned that they might not be permitted to dwell in the country for commercial purposes for more than a year. Charles V. found himself accused of giving them encouragement. In 1542 the States of Valladolid complained of the ascendancy in the national trade which the strangers had already obtained, and they sought to make the king responsible for this circumstance, inasmuch as he needed such persons' support in Germany and Italy. Further, they asserted that the government had consigned to them many products, and that they also bought up all the wools, silks, steel, and iron. The conclusion was precise. The States demanded that foreigners should be forbidden, under heavy penalties, to carry on trade in the kingdom, to take crown dues on lease, to purchase wool, wood, iron, steel, or other goods,

or necessities, or to be entered among the inhabitants of the towns.¹ This was the ideal of the short-sighted politicians and economists in the reign of Charles V. Under the governments that followed it was not long ere it was realised.

The European territories of the Spanish crown were not the only ones to serve as a field of experience. The New World was governed according to the strictest theories of monopoly; it being held as a fundamental principle that the crown possessed the fee-simple of all American soil. Directions were issued against any vessels' being allowed to sail for the colonies from any port other than Seville. No foreign merchandise could be despatched to the Indies, and the foreigner himself was excluded. Even the Spaniard could not go there without a special permit from the crown, granted as a rule for the term of two years. Under Charles V. these exaggerated precautions were somewhat relaxed; but under his successor prohibitionist policy gained renewed vigour, and a law forbade the sale to foreigners of gold, silver, pearls, precious stones, and other products, as well as every kind of merchandise. To Mexico in

¹ Sempere, *Considérations sur les causes de la grandeur et de la décadence de la monarchie espagnole*, vol. i. p. 217.

particular was applied, in all its rigour, the monopolist *régime* of which M. Élisée Reclus has given a striking description. "Every infringement of the fiscal laws was severely punished, and often involved death. It was forbidden, under pain of death, to have relations with foreigners. Even shipwrecked persons were imprisoned, and occasionally executed, for fear they should start trading with natives. The roads leading towards the sea were systematically abandoned, and a void produced on the Mexican coast. Things went to such a length that the fleet destined for Spain was allowed to depart from Vera Cruz only once in three years, and it was a crime against the State to disembark in any other port than Seville or Cadiz."¹ It was forbidden to seek for mercury mines, and up to 1803 the culture of the vine and the olive was prohibited. All this was done in order that the privileges of Spaniards should not be impaired.

¹ Élisée Reclus, *Nouvelle géographie universelle*, vol. xvii. "Les Indes occidentales," p. 113.

CHAPTER VI

THE ECONOMIC THEORIES OF THE MIDDLE AGES

ECONOMIC theories developed somewhat vigorously at the beginning of the thirteenth century. First they were grafted upon purely political questions, but soon they were applied to morals, and finally became more or less independent of all other problems or sciences. In this stage they were used in the detailed examination of some important questions, such as the legitimacy of satisfying needs, the lawful character of loans, and the "innocence" of certain mercantile operations. At that time there were no great schools contending for the upper hand in directing the economic systems of nations; but the germs were scattered which were to produce the important movement of the eighteenth and nineteenth centuries.

A spiritual power made itself felt through its pertinacious insistence upon ideas which were

diverse. This power was the Catholic Church, actuated as much by the spirit of renunciation (and in that respect faithful to its first principles) as by the desire to form a political society and to constitute upon earth a model organization for the satisfaction of man's yearnings towards material comfort. In fact, it is from this double point of view that the decisions and declarations of councils, popes, and thinkers of the Middle Ages must be regarded if we would explain the contradiction apparent in first condemning gain and then regulating its methods. The heads of the Church oscillated between two extremes : on one side was the monastic ideal inherited from Oriental Christianity ; on the other the powerful impetus of the jurists and statesmen.

Primitive Christianity showed little favour to commerce. According to Laurent, it tolerated rather than approved it.¹ The Church was generally hostile to money-making enterprises. From the first religious authorities inflicted penalties on clergy who lent money at interest, and attempts were made to induce the civil power to enact, in its turn, measures prohibiting

¹ F. Laurent, *Études sur l'histoire de l'humanité*, vol. iv. "Le christianisme," p. 238.

practices totally opposed to ideas of abnegation. In the east the emperors confined themselves to limiting the rate of interest; in the west the capitularies of 789 and 806 absolutely forbade it, and the governments which were successively established in western Europe followed as a rule the example set them by the Carolingian monarchy.

Extraordinary as the state of things may be, the fact is undeniable that all sums of money received in excess of the principal were looked upon as usurious; but the force of practice opposed itself to the law's inflexibility. Conflict became imminent in every direction, and the outcome proved only too clearly how mischievous might be a too rigorous application of the laws, and also how many disadvantages may result from an isolated application of legislative measures.

On examining the condition of the Christian world in the thirteenth century two strongly flowing currents will be soon noticed. In one direction went the partisans of the theories of the Gospels, in the other the practical men.

The religious orders played a leading part in the contest, and the Minorites were in the forefront. The historic significance of the order

of St. Francis of Assisi is great, especially from the democratic standpoint. Many of the Franciscans—and those of the better sort—were restless thinkers, impelled by instinct to revolt against received opinions, and inspired by a true revolutionary spirit. It must not be forgotten that the popes had repeatedly thought of suppressing the order of St. Francis; they excommunicated its leaders; they tried, condemned, and burned many of its members. In the thirteenth century the followers of “the Seraphic” pushed to an extreme the theory of renunciation of property, which was the basis of their order. According to them, all property was forbidden; only the use of the bare necessities of life was permitted. Peter John de Oliva was explicit upon this point; he allowed the brethren only the use of the food indispensable to daily existence, and the objects, breviaries, or sacred vestments which were used in divine service; relying on the *Eternal Gospel* of Joachim of Flora, he proclaimed a future state for the Church more perfect than the preceding one, of which St. Francis had been the forerunner.¹ The influence of these doctrines must have been felt in the particular question

¹ E. Nys, *Les initiateurs du droit public moderne*, p. 35.

under discussion. A Church inspired by ideas of complete abnegation must have come at last to the condemnation of all commercial or economic transactions; but worldly interests carried the day, and when some of the religious sects tried to organize the Christian world, conformably with the teachings of the Gospel, they were condemned, excommunicated, persecuted. The practical tendency prevailed; the influence of the Roman genius being foremost among the causes of it. Let it be recognised, however, that it was not because the struggle against the spirit of gain had been abandoned, or that the Church had ceased to preach the ideal of renunciation and indifference to material goods; only every extreme theory was set aside.

If the political aspect of the problems be examined closely it is found that the theories, however slight, were based on Aristotle, and date chiefly from the period when the *Politics* of that great writer became known to the Western World.¹ The question is whether the influence of Aristotle did not in effect prevent the birth of really national works dealing with the representative institutions which were then growing up in every western country.

¹ See above, Introduction, p. iv.

But, whatever the answer, it is certain that the Greek theories were both interesting and valuable. Aristotle had been the ardent protagonist of political liberty. One of his dogmas, in fact their ruling principle, was that of equality for all the political members of a nation.

Some writings can be cited in the first half of the thirteenth century which are of no great importance. Some relate to the royal power; others, like the *Oculus pastoralis*, which is often enough mentioned, give some instructions for the government of the Italian republics. Afterwards came more important works, notably those of St. Thomas Aquinas.

As it has been said, St. Thomas Aquinas is the first who has commented fully upon the *Nicomachean Ethics* and the *Politics*; he is the first, too, who tried to write a general political treatise¹ on Aristotelian principles in accordance with his times. He has incorporated a great many questions in his *Summa totius Theologiae*. He has discussed many others, bearing more or less directly upon economics,

¹ *Essai sur les doctrines de saint Thomas d'Aquin*, par H. R. Feugueray, précédé d'une notice sur la vie et les écrits de l'auteur par Buchez, p. 11.

in his commentaries on the *Ethics* and the *Politics*, and in those pages of the *De regimine principum* which came from his pen.

The chief characteristic of St. Thomas Aquinas is his spirit of moderation; he keeps invariably to the golden mean, and as a general rule avoids all hasty conclusions, working out his case wisely and methodically. He is a perfect representative of the mediæval professor, and, indeed, nearly all his life was passed in teaching in Cologne, Paris, and Italy, where, during the last twelve years of his life, he accompanied the popes, residing with them in their various places of abode.¹

The illustrious schoolman distinguished between speculative and practical sciences; among the latter he ranked the moral sciences as superior to the physical sciences, and among the moral sciences he gave to politics the first place, because it has for its object the *communitas civitatis*, the community of the city,—that is to say, “the highest thing the human reason can conceive.” Here, even, an application of the fundamental distinction between the natural and the supernatural appears; above politics based on reason and philosophy are

¹ H. R. Feugueray, work cited, p. 17.

placed theological politics, which give to the former a new character.

And if we approach St. Thomas from the economic side, he points out to us in society a fact natural to man. "Man," said he, "has a natural right to things, not in the sense of their belonging to him in themselves—they belong only to God—but in this sense, that he has the right to use them if they are serviceable, as being made for him." St. Thomas distinguishes between the right of administration and the right of use, and shows how positive law divides things in respect to administration and alienation, and institutes private property instead of the primitive community. St. Thomas does not dwell much upon the problems raised by the right of use. These problems question how far the right of use extends, whether the holder is bound to share his goods in virtue of a simple moral obligation, or of a legal one, and whether, such a duty of the holder being granted, every man has the right to take in case of necessity what is sufficient for his pressing needs from the superfluity of others.¹

This touches on one of the ideas held in

¹ H. R. Feuguerey, work cited, pp. 178 et seq.

honour by several mediæval thinkers, who were advocates of the community of goods. A gloss upon the Decretum of Gratian declares that common possession is the sweetest of all things. "*Dulcissima rerum possessio communis est.*" Does not this imply an adherence to the communist theories which manifested themselves throughout a wide extent of the west, and provoked at once the anathemas of councils and popes, and the cruel edicts of the secular power?

Another question naturally follows, that of the lawfulness of commerce. St. Thomas is not in favour of commerce. He sees in it something disgraceful when the object is gain; he demands that its pursuit be purified by an honourable purpose. He does not wish the people to subsist solely by exchanges with other nations. He prefers the Aristotelian ideal, that the body politic should rely as much as possible upon its own resources, and avoid total dependence upon neighbouring states. He admits the necessity of trade, but desires that it may be pursued in moderation. "*Oportet quod perfecta civitas moderate mercatoribus utatur.*"¹ He expresses, therefore, a marked

¹ C. Jourdain, *La philosophie de saint Thomas d'Aquin*, i. p. 433.

preference for agriculture as the chief resource in which he would allow a limited trade.

The influence of an important man of the first half of the thirteenth century is to be traced in the disfavour with which the author of the *Summa totius Theologiae* regards commerce. This was St. Raymond de Peñaforte, the author of noted books, and the chief agent in the publishing of the collection of Decretals promulgated by Gregory IX. St. Raymond went so far as to place under a common ban all those who bought commodities to sell again at a higher price. He made exception only in favour of artisans who by their craft transformed raw material, such as iron, lead, copper; these he permitted to make a profit on re-sale, in recompense for their toil.¹ St. Thomas Aquinas modified the condemnation pronounced by St. Raymond de Peñaforte, or rather he widened the exceptions. He admitted the lawful aim and permissible character of commerce if the merchant sought to make out of it only a moderate profit for the sustenance of his family, and for the relief of the poor, or so that he might contribute to the general welfare

¹ C. Jourdain, *Excursions historiques et philosophiques à travers le moyen âge*, "Mémoire sur les commencements de l'économie politique dans les écoles du moyen âge," p. 438.

of his fellow-citizens, or even to obtain a reward for his toil.

Sentiments similar to these of the "Angelic Doctor" are to be met with among canonical and theological writers, and, as has been said, the doctrinal work of the Middle Ages consisted in the teaching of moral economics, which conformed with principles of justice and Christian charity, and in the application of them to the social conditions of the period.¹ The remark applies to the greater portion of the developments these theories have undergone. We shall have to point out the fluctuations of the struggle in the world of ideas. Henceforward we shall be able to indicate the vastness of the discussion and the variety of the questions which arose, among which the scientific conception of credit in its first outlines appeared.

On investigating our European civilisation we can fix the first appearance of the scientific conception of credit in the last centuries of mediæval times. At that period immense modifications came about through the increase in commercial and industrial activity; then,

¹ V. Brants, *L'économie sociale du moyen âge. Coup d'œil sur les débuts de la science économique dans les écoles françaises aux XIII^e et XIV^e siècles*, p. 3.

too, financial operations were multiplied in those different forms which were caused by the exigencies of an ever-extending geographical area. Credit, the placing of a certain sum of money at the disposal of another, introduced, as a first stage, deferred payment; it finally gave birth to the use of credit as we know it now.¹ Originally an inevitable necessity in the life of poor societies, it has since come to constitute a medium of production.

Some landmarks are instructive. The economic and legislative devices transmitted by the more ancient civilisations to the Hellenic and Roman worlds, which formed a common basis for European civilisation, adapted themselves to the changing requirements of man's activity; they became perfected according as new needs demanded methods more skilful, more refined, and more expeditious. But, side by side with the upward movement and the undeniable improvements, there appeared this phenomenon: the essential conditions of the actual working of credit were the object of impassioned attacks, which jeopardised them, and which, if they had passed from theory to practice, would have

¹ J. B. Maurice Vignes, *La science sociale d'après les principes de Le Play et de ses continuateurs*, vol. i. p. 343.

brought down the skilfully contrived edifice. The doctrine of *pravitas usuraria* grew round the fundamental idea of identifying all gain with usury, and the principle that profit was only legitimate in exceptional cases.

The methodical mind of the mediæval thinker strove to draw up the various classifications, and to examine the many data of the problem under every aspect. Trade, on its widest acceptance, was finally subdivided into "economic," "political," and "lucrative" branches, having for its aim either the satisfaction of the needs of the individual or of the people, or simply profit. In each of the economic or legal institutions designed in favour of commercial operations there thus became manifest a tendency to excuse or legitimise the spirit of gain or to attach importance, if necessary, to the extenuating circumstances that might be pleaded. Certain writers tried to brand speculation in all its forms, and condemned the spirit of gain in all its manifestations; going still further, they cast at the rich the terrible saying of St. Jerome that all riches come from iniquity,—"*Omnis dives iniquus aut heres iniqui.*" Far from being followed in their stern doctrine, they roused up contradiction, provoked refutation,

and finally saw the failure of their efforts and the triumph of the arguments against which they had contended.

The struggle over the *pravitas usuraria* lasted several centuries. Ecclesiastical authority continued its hostility to profit-seeking, and, as a rule, scholastic philosophy followed the teaching of popes and councils all the more readily in as far as it reproduced the Aristotelian theory concerning the sterility of money. Some writers were none the less reluctant to assume an attitude which seemed to them in contradiction to the law of nature. They opened up long arguments concerning the principle of the lawfulness of gain, and on the subject of economic and juridic institutions, which were struck out and developed not only in favour of commercial transactions, but also to avoid, as far as possible, condemnations uttered against, or stigmas attaching to, the desire for gain. In the sixteenth century there was even official recognition of the "innocence" of some of these institutions. Toleration went further still in the seventeenth and eighteenth centuries, and now, with hardly an exception, the strict rules of former times touching *pravitas usuraria* have died out, not only in practice but also in theory.

We have quoted the teaching of St. Thomas Aquinas. His contemporary, Henry of Ghent, admitted the lawfulness of gain based upon the changes to which the goods were subjected in the hands of those who bought them to sell again,—changes of place, time, and condition. He accepted the combination of two elements, and allowed that the workman forging a bar of iron had a right both to the price of the metal and to the price of his labour.

Duns Scotus, who on other points differs generally enough from the opinion of St. Thomas Aquinas, in the sale of merchandise took into consideration the labour it cost and the risks that had been run.

Andreas de Rampinis, professor at Naples, fiscal advocate, and judge “for all the business of the Genoese in the kingdom,” not only pronounces in favour of the lawfulness of commerce, but also argues in behalf of its usefulness and beneficence, and for its indispensability to human society.

It would be easy to furnish abundant quotations; most of the writers express their adherence to either one or other opinion. Let it suffice to call attention to a curious work, the penitential, long attributed to John of Salisbury,

in reality written by Thomas of Chobham, sub-dean of Salisbury.¹

The chief argument is the assertion that none but the laity should take part in trade; the author is doubtful about sanctioning the participation of monks and priests in commerce of any kind. For the laity he marks out three kinds of trading: he authorises selling at a slight advantage, either at another time or in some other place, and tolerates profit when the raw materials have undergone a change for some purpose of public utility, such as in the manufacture of tools or of clothing; he condemns all trades, all crafts, all arts, which are not directly useful. On this last point Thomas de Chobham gives but few details, but another writer, Petrus Cantor, indicates them in his *Verbum abbreviatum*. According to him, the truly useful arts are, for example, those of the agriculturist, the skinner, the tanner, the shoemaker, the carpenter, the weaver; the useless arts are those of the carvers and goldsmiths when gilding such

¹ Author of *Summa de poenitentia et officiis ecclesiasticis*, etc. Thomas de Chobham, or Chabham, has sometimes been confused with Thomas de Cobham, bishop of Worcester. "Notice sur un pénitentiel attribué à Jean de Salisbury," par Hauréau, in the *Notices et extraits des manuscrits de la Bibliothèque nationale et autres bibliothèques*, vol. xxiv. deuxième partie, p. 274.

things as saddles and spurs. A distinction was generally made in regard to painters.¹

The discussions concerning lending at interest gave rise to much writing on the subject.

Aristotle could be quoted as an authority with more reason than Holy Writ: some passages in Scripture contradicted one another, but the language of the Stagirite was precise. He condemned lending at interest in the name of logic, and he denounced it as an accursed thing because it was a means of acquisition derived from money, and engendered by it, thus diverting it from its proper purpose. One community, nevertheless, with which western Europe was in constant touch—the whole of the Musulman world—had tried to prohibit all unlawful gain, whether by interest, gambling, or by speculation in the precious metals, or in food-stuffs. The condemnation was explicit; it emanated from the Prophet himself, who had wished to prevent, in the system founded by him, a return of the evils entailed by pauperism and want on one side and by riches and superfluity on the other. Facts, it has been noted, have gone contrary to Mohammed; once more it has been made clear that the positive law must of

¹ Hauréau, work cited, p. 280.

necessity err when it dares to encroach upon the domain of conscience, and to interfere with the freedom of transaction between man and man.¹

Usury has gone on eating its way into the Musulman peoples; but the proscribing of interest on capital has weakened among them the powerful motor of credit, and it would have completely annihilated the spirit of adventure, which had made the Arabs the world's chief merchants, if the prohibitions had been faithfully observed, and if the subtle reasonings, the clever distinctions, the devices of a versatile, unfettered, racial instinct had not conceived some sufficiently practical means to elude or twist, when convenient, the express commands of the founder of Islamism. However, the European world profited by these institutions, of which a good example is found in a Mohammedan form of commercial association, "*the commenda*," which was in general use throughout the Christian shores of the Mediterranean.

The prohibition of interest on money was at one time the first condition, as it were, of the economic system, which the theologians and canonical writers aimed at realising. The dis-

¹ *Code musulman*, by Khalil Ibn Ishak. Texte arabe et nouvelle traduction par N. Seignette. Introduction, pp. xxix. et seq.

cussions in connection with this constituted for long enough the principal form of the science which later became known as political economy. The Aristotelian arguments, texts from the Old and New Testaments, the writings of the Fathers, were each in turn cited. Some maxims were also put forward as representing an alleged natural right. It was asserted that, in lending, the property passed to the borrower; that interest is therefore based on a thing no longer possessed by the lender. It was argued that the use of money, and of other things which are consumed by use, could not be sold independently of the thing itself; that to exact the price of the thing, and the price of its use, was in reality to sell it twice over.

It is useless to analyse the writings on this subject, often of great length, by the mediæval theologians and exponents of civil and canonical law. We will mention the chief of them, and point out, if need be, the tendencies they more or less vigorously displayed. All of them delighted in enumerating arguments, raising objections and immediately refuting them, and in examining under all their aspects the problems which came up. Under the pressure of circumstances, and compelled by the urgency of the very nature of things, they displayed some ingenuity when it

was a question of justifying a series of exceptions to the general rule prohibiting interest on money. It must be admitted that practice had preceded theory: the violation of the prohibitions was frequent; mediæval writers were able to fill long pages with instances of them: for example, St. Raymond de Peñaforte in his *Summa pastoralis*, and also Matthew Paris. One author, Gulielmus Durandus, made the remark that the vice of usury was discussed just because the offenders were so many.

The scholastic theory concerning interest on money is an integral part of the thirteenth century. The earlier writers generally confined themselves to mentioning the decrees against it. Among these were Alexander Hales, the "Irrefragable Doctor," Albert de Bollstadt, "the Great," and also St. Bonaventura, the "Seraphic Doctor." St. Thomas Aquinas developed the discussion still further. He treats of it in many passages of his great works—in his *De Vitiis et Virtutibus* and in his *Quodlibeta*, in his *Super libros sententiarum*, and in his *Summa totius Theologiae*.¹

¹ C. Jourdain, *Excursions historiques et philosophiques à travers le moyen âge*. "Mémoire sur les commencements de l'économie politique dans les écoles du moyen âge," pp. 434 et seq.

F. X. Funk, "Ueber die ökonomischen Anschauungen der

The concept of usury is by degrees brought within narrower limits by the admission of lawful indemnities. A first point seems to have been uncontested—that is, the lawfulness of interest when there is *damnum emergens*, which means when the creditor is subject to a loss, and when there is a *lucrum cessans*: that is to say, when he is deprived of a profit. To these two heads Duns Scotus adds the penalty agreed upon, *poena conventionalis*, and the risk, the *periculum sortis*; he limits the *poena conventionalis* to compensation for damage really suffered by delay in receiving what is owed by the borrower, but other writers extend it.

Moreover, toleration crept into the positive law. This was still far from the ideal of liberty, but some institutions and practices were introduced under the protection, sometimes open, sometimes secret, of the secular authority. The Italian towns set an example, which was followed throughout nearly all western Europe. In 1322, when the King of France pledged himself neither to levy nor cause to be levied any fine whatsoever in respect

mittelalterlichen Theologen: Beiträge zur Geschichte der Nationalökonomie," in the *Zeitschrift für die gesamte Staatswissenschaft*, vol. xxv. pp. 125 et seq. *Ibid.* "Geschichte des kirchlichen Zinsverbotes."

to usuries which should not exceed a denier in the pound per week, we see the clergy giving tacit consent to the ordinance. It was the same with important transactions which evaded the laws against interest, and such, too, was the case in many countries with bottomry.

Various authors took up their stand, and by degrees we see the idea of usury restricted to the gain which the lender wished to make. The thesis of St. Antoninus of Florence, *Usura est lucrum ex mutuo principaliter intentum*, belongs specially to the fifteenth century.

Some of these writers see beyond the theological discussion; others content themselves with considering the moral position. The first were swayed by things temporal; to the second only the soul's safety seemed to be of consequence. Henry of Ghent challenged the jurists as suspects on the question of usury. He maintained that it was not from them he wished to seek instruction, but from the theologians and philosophers. Egidio Colonna, who advises governments not to tolerate usury, considers money-changing as justified by the simple necessity of transactions in a foreign country. Jean Buridan, a vigorous thinker, admits that the prohibition and authorisation of usury depend upon the advantages

and disadvantages which may arise from either measure. Durandus of Saint Pourçain suggests the idea of establishing a central power to lend money at a slight rate of interest, and an analogous scheme is set forth by Philippe de Maizières. Andreas de Rampinis was of St. Thomas Aquinas's opinion, but he wished that upon usury, a crime both "canonical" and "civil," the ecclesiastical authority should first pronounce. A disciple of Duns Scotus, Franciscus de Mayronis, considers that the natural law does not absolutely condemn interest on money; he thinks even money-changing a profession authorised by divine law, because it is useful to the community.

Among the many writings special mention must be made of a certain class of productions, the *Summae* and the treatises which were connected with "divine jurisprudence," *jurisprudentia divina*, as it was called, the casuistic medley of law that was used as a guide by confessors.¹

A development had just occurred in one of the most important institutions of the Church,

¹ R. Stintzing, *Geschichte der populären Literatur des römisch-kanonischen Rechts in Deutschland am Ende des fünfzehnten und im Anfang des sechzehnten Jahrhunderts*, pp. 489 et seq.

that of confession. In the "court of penitence" the priest must pass judgment on "cases of conscience." In the beginning of the ninth century the "penitential" had appeared, especially in Ireland and England. This was a compilation which marked out the penalties incurred by the sinner. But the penitential, which was to a certain extent a penal code supplementing the secular law, was too harsh and too unbending: the priest had not much latitude; he had, as a general rule, to pronounce sentence, mitigating it somewhat according to age, sex, and condition. With the new idea the part of the priest increased in importance: he was a real judge; confession became the judgment of the soul, the *judicium animae*; to pass sentence a more or less complete tarification no longer sufficed; a certain "science" was needed. Thus, at the beginning of the thirteenth century, many manuals appeared which, under the title of *Summae*, gave the judge in spiritual matters every possible assistance. That the question of usury should be discussed in them was quite natural; not less so, that on this subject many opinions had been expressed, examined, and discussed.

One thing is noteworthy on the subject of the

tendency of the *Summae* to mingle every question of law with moral questions. As has been said, their authors wished to make a legal duty of the virtue of self-denial. In the Roman mind, law sprang from the notion of the primitive liberty of each individual, and out of the theory that men have no other duty than that imposed upon them by the State. The Germanic conception of it mingled law with ideas of fidelity and honour; while, in the Christian acceptation, law was confounded with morality. The Musulman law was already displaying anomalies arising out of its predominant feature, which is the divine character diffused through the Koran.

Besides the *Summae*, treatises were composed touching more especially on cases of conscience which might be raised by the problem of usury and the manifold questions of commerce, exchange, and the values of things, and therefore full of interest for the history of political economy. The writings of Heinrich von Langenstein, Heinrich von Hoyta, and Jean Gerson may be here fitly cited. The first-named is especially interesting, as he displays a frank and ingenious mind. His *Tractatus bipartitus de contractibus emtionis et venditionis* forms a complete system of political economy, finance,

and credit. Heinrich von Langenstein taught in the University of Paris, and in 1383 was appointed, with Heinrich von Hoyta, to the University of Vienna, which had just been re-organized by an enlightened prince, Albert III., Archduke of Austria. The University of Vienna was at this time a real centre of literary production on economic subjects. A treatise, *De censibus*, was written by Conrad von Ebrach; a book, *Super quaestiones de contractibus*, is the work of Johann Reutter. Both belong to the later part of the fourteenth century. At the beginning of the fifteenth century, Johann Nieder, member of the University, published the *Tractatus de contractibus mercatorum*. In the first half of the same century, Giovanni de Capistrano, a fanatical monk of the Franciscan order, started in Italy and Germany a violent campaign against heretics and Jews. He preached by voice and pen, *De usuris et contractibus* being his most important work, the tendency of which can be readily guessed.

Other writers appeared in the fifteenth century: Franciscus de Platea, Jacob von Jüterbock, Alexander de Nevo, Conrad Summenhart von Calw, who wrote the *Opus septipartitum de contractibus pro foro conscientiae*, the latter

part of which he devoted to questions of property, loans, commerce, buying and selling, renting, partnership, and exchange.

Three important men, Lorenzo Ridolfi, St. Bernardino of Siena, and St. Antoninus of Florence, are worthy of special note. They threw a very clear light upon the question of usury and other kindred questions. In short, they left but little work for the writers who, in the sixteenth and seventeenth centuries, took up the task of reconciling the principle involved in prohibition with the needs of practical life, or rather, that of the destruction of the very bases of prohibitive measures. The argument introduced by Salmasius, in his writing on usury and loans, is simply an argument to prove that in lending, if, from the legal point of view, the debtor be regarded as the owner, from an economic point of view the lender retains the ownership, and may therefore demand interest.

Lorenzo Ridolfi was a jurist of great distinction. During his studies at Bologna he was connected as pupil with Lorenzo di Pini and with Giovanni Fantuzzi, the colleague of Giovanni di Legnano. He himself taught law at Florence, his native city, where he filled, besides,

several offices, and was entrusted with various missions. He died towards the middle of the fifteenth century. His importance is best attested by the commentaries in which he studied, from a moral and religious standpoint, the juridic character and the legitimacy of a series of practices and rules in matters of exchange, partnership, and insurance. His works appealed more especially to the business world of Florence, the subject being one of immediate interest, and also because he displayed profound knowledge of systems of credit, the establishment of public funds, and all the various operations of finance.

Lorenzo Ridolfi's most important book is the *Tractatus de usuris*, divided into three parts, which treat of the definition of usury, of its prohibition, and of the different applications of the methods of exchange and loan.¹ A historian of canonical law ranks it as having had the greatest influence on questions of money and profit among all the writings during the latter half of the Middle Ages.² The fact is that, as a

¹ W. Endemann, *Studien in der romanisch-kanonistischen Wirtschafts- und Rechtslehre bis gegen Ende des siebzehnten Jahrhunderts*, vol. i. p. 32 and p. 138.

² J. F. von Schulte, *Die Geschichte der Quellen und Literatur des canonischen Rechts von Gratian bis auf die Gegenwart*, vol. ii. p. 393.

rule, Ridolfi confined himself to pleading the lawfulness of combinations devised by the commercial spirit of his fellow-countrymen for creating new elements of credit, and for rendering all transactions the readier and easier. Distinctions and subtleties revived by degrees the primary principle of all true law, the liberty of the contracting parties, a principle, affirmed by Roman law, which the greater portion of the legislative and scientific activity of the Middle Ages appears to have wished to undermine, weaken, and destroy.

The influence of St. Bernardino of Siena was great. It was exercised through his sermons, preached in the vulgar tongue, the only one understood by the people, and written out afterwards in Latin by the preacher himself under the form of treatises. The writings of this Franciscan monk, bearing upon economic questions, fill ninety folio pages. The subjects he discusses are the origin of the law of property, trade and industry, lawful and unlawful conditions, buying and selling, usury, loans, prohibition of usury, usurious contracts, companies, borrowing, and the financial institution called the *monte*.

The influence of St. Antoninus of Florence has been no less considerable through his books

upon the *censurae* and usury, and through his *Confessionale*. He was a member of the Dominican order, and filled the archiepiscopal see of his native city for thirty-three years.

In certain matters St. Bernardino was evidently inclined, like the majority of his fellows, to extend the domain of obligations legally sanctioned,—in other words, to add penalties to many of the prohibitions enacted by morality. He declaimed strongly against luxury (the *magnificentia*, as it was termed), which the majority of the Italian cities had, however, long tried to regulate, and against which statutes and ordinances continued to appear. For example, Pistoia had very comprehensive sumptuary laws in 1332 and 1334; Perugia enacted some in 1330; Mantua had hers in 1325; Florence curbed the luxury of women in 1330. It was the same throughout the greater part of Western Europe. Again in the sixteenth century the idea prevailed, in Italy especially, that the limiting of expenditure was a function of government. Almost everywhere laws were made tending to this end, and the publicists agreed in commending such policy.

On the subject of property St. Bernardino teaches that the principle of the law of nature,

which is "the land in common in the state of innocence," was no longer possible after the Fall on account of the negligence and idleness of some, and the wickedness and fraud of others, but especially on account of the enmities and constant warfare which such communism would engender. The principle is annulled, he says, and it is a just law which supplants it. This just law is not nature's law, nor yet the divine law, since rich and poor are made of the same clay and inhabit the same earth; it is human law. If human law was able to give property, it could also allow of its being alienated either wholly or in part, under one form or many forms. Having demonstrated this maxim, the author goes on to develop his subject logically from the complete alienation of property to the other methods.

Some of the ideas are very interesting. St. Bernardino and St. Antoninus have a term for designating capital. They imagined a man's placing a sum of money in the hands of another to be employed in some lucrative enterprise, for this they used the term *pro capitali, per modum capitalis*; they recognised money as having the capacity of producing gain, *quaedam seminalis ratio lucrosi*; this is usually called *capitale*. The word is there, if the idea be not fully worked

out. St. Antoninus teaches that money by itself cannot increase, but that the industrial spirit and the labour of the traders make it bear fruit.

They tried to demonstrate the lawfulness of interest: they recognised the right of the *damnum emergens*, or loss endured by the creditor; that of the *lucrum cessans*, or the gain of which he has been deprived, that of *periculum sortis*, or risk run by the principal,—that is, the sum of money, or quantity of fungible things which the borrower has received as a consumption loan. A distinction was made between *usura*, usury, and *acceptio*, or *excrementia ultra sortem*,—that is to say, interest. All this it should be said was evolved within the province of theory. Ecclesiastic and civil laws condemn and punish, and in opposition to the reasonings, distinctions, and hair-splittings of theologians, the majority of the secular lawyers tried to exalt their favourite maxim, that “subjects are bound in the court of conscience to obey the laws of the prince,” and that therefore lending at interest is not permitted by the court of conscience even should it not be forbidden by the law of nature and the law of God. It is true that in practice the law was evaded. The debtor frequently undertook to

pay the expenses necessitated by his delay in fulfilling his obligations, and to indemnify his creditor if he did not fully acquit himself at the term agreed on. In several Italian cities since the fourteenth century custom fixed the interest in such cases. In Modena, for example, after a half year's delay, for which a certain sum was added to the borrowed capital, the interest in damages was four deniers in the pound per month, or about twenty per cent.¹

St. Bernardino and St. Antoninus touch on another question, that of value and price. Jean Buridan had already put forward a theory of value. According to him the right use of a thing, its applicability to the needs of man, made up its value. He had noted the "common value" which is determined according to the need of the groups of persons between whom exchange is possible.² Heinrich von Langenstein had shown one of the bases of value in the *indigentia*, the lack of things which are necessary or useful in some way to man.³ Some

¹ Muratori, *Antiquitates italicæ mediæ ævi*, vol. i. p. 893. G. Servois, "Emprunts de saint Louis en Palestine et en Afrique," in the *Bibliothèque de l'École des chartes*, 4^e série, vol. iv. p. 120.

² V. Brants, *Les théories économiques aux XIII^e et XIV^e siècles*, p. 70.

³ *Ibid.* p. 71.

attempts had been made to uphold an exact connection between the value of things for sale and the selling price, especially when it concerned the necessities of life. Besides the measures taken by the authorities for the taxing of certain merchandise—in 1350, especially, King John regulated in France the price of many commodities, and the rate of wages for most trades—schemes, like that of Gerson's, were suggested for taxing all kinds of merchandise, but not without a recognition of the difficulty in applying them. An idea seemed to prevail that, if law could not fix the price of the raw material, it should intervene in order to appraise the value of the labour which transformed this material and made it useful. One peril above all others appeared to alarm mediæval society, that of a combination of private interests against the general welfare.

St. Bernardino of Siena and St. Antoninus of Florence aimed at the realisation of an ideal measure, the *aequalitas justitiae*, the *aequalitas valoris*. Three methods occurred to them—compulsory, customary, and voluntary taxation of the contracting parties. They preferred the last, provided that the agreement was free—that is to say, that it was not flawed through ignorance

of the object, or by inexperience of the occasions, or still further through necessity.

There was one important contract, the constituted rent, which had no direct application to lending at interest. Some theologians maintained its lawfulness. Henry of Ghent contended that it was usurious: "*Contractus ille in quo emuntur redditus ad vitam . . . simpliciter est usurarius.*" In 1420, Pope Martin V., being consulted concerning rents assigned on some lands, declared them just, and in accordance with the common law; in 1455, Pope Calixtus III. decided similarly. St. Bernardino of Siena, who died in 1444, agreed with the papal decision.

Alongside the contracts determining rents were placed the government loans. St. Bernardino pronounced in favour of the legitimacy of the lender's action, a legitimacy which he based sometimes upon the duty of the citizen to the State, sometimes on the disinterestedness of which he gave proof. Lorenzo Ridolfi had formally declared that the rate of five per cent on public loans was not usurious; St. Antoninus, going still further than St. Bernardino, stoutly upheld the legitimacy of participating in the loan, on which occasion he solved eight questions that he had himself raised and discussed.

Economic discussions became widespread. During the last half of the fifteenth century, Diomede Caraffa sifted a very considerable number of problems in his book *De regentis et boni principis officiis*, which was written between 1469 and 1482. The author belonged to an old Neapolitan family. His father had been one of the steadfast supporters of Alfonso of Aragon, and he himself assisted that prince when he claimed the crown of Naples against René of Anjou. Victorious in 1442, Alfonso recognised the services rendered him by Diomede Caraffa; he entrusted him with some important offices in the new government, which had to contend against the Neapolitan barons, who still clung to their feudal rights, and chafed against the royal domination. A peculiar thing is connected with Caraffa: he was tutor to Alfonso's natural son, Prince Ferdinand, who on coming to the throne gave him his daughter, the Princess Eleonora, to educate. The original Italian of his book is lost, but Princess Eleonora, for whom it had been written, had had it translated into Latin. Two of the four parts which make up the *De regentis et boni principis officiis* belong to our subject. One is entitled *De re familiari et vectigalibus*, and the other

*De subditorum civitatisque commodis procurandis.*¹

Diomedes Caraffa was favourable to commerce on every point. He showed how it supplied the cities with all they needed, and enriched the citizens; he set forth its useful effects, among which was wealth by which the sovereign profited as much as his subjects. The Neapolitan writer here puts forth an opinion identical with that expressed about the same time by Sir John Fortescue in his "Governance of England,"—namely, that the greatest condition of safety and honour for a king is to reign over a kingdom where all classes of the population are in comfort and plenty, or, to give his own words, "the greatest surety truly, and also the most honour that may come to the king is, that is realm be rich in every estate." The idea was not new. Caraffa has, none the less, a certain excellence in expressing it: "Non rex," said he, "inops esse potest cujus imperio ditissimi homines subiciuntur."

The Aragonese princes introduced a certain

¹ Ferdinando Cavalli, "La scienza politica in Italia," in the *Memorie dell' Istituto Veneto di scienze, lettere ed arti*, Fourth Memoir, vol. xi. p. 481. Cusumano, "Diomedes Caraffa, economista italiano del secolo xv." in the *Archivio giuridico*, vol. vi. pp. 481 et seq.

number of measures for stimulating trade and industry. Caraffa recalls the fact that Alfonso I. restored a navy which had been almost destroyed under the Anjou dynasty, and placed the ships at the disposal of commerce, making the traders an advance of a hundred thousand gold florins: he also calls to mind that Ferdinand I. introduced the linen and woollen industry, granted various privileges to the manufacturers, abolished internal custom dues, forbade feudatories to claim from their vassals extraordinary payments, granted to both foreigners and natives the right of trading without having to pay any tax, and authorised the exportation of raw material and manufactured articles, of foodstuffs, cattle, arms, gold and silver both wrought and minted.

The author of *De regentis et boni principis officiis* attains to a lofty idea; he observes that a just government is a powerful moral factor in the prosperity of a people, and cites the teaching of history: *Ubi aequum vigeat imperium ibi florere urbes; contra ubi vi agatur ibi omnia in deterius ruere ac celeriter evanescere.*

Abuses drew forth energetic protests from him: he denounced the debasement of the currency so frequently resorted to by the

Angevin princes; he condemned exactions from foreigners; he claimed protection for traders and manufacturers; he wished them to be granted subsidies to assist them, if not as a permanency, at least at the outset; he demanded a just administration of the taxes, and set a value on the advantages of a treasury to provide for exceptional expenditure; he bitterly criticised the confiscations which were regarded as financial expedients, and the loans forced from subjects and never repaid. The last proceeding had been used very often under the houses of Swabia and Anjou; he likened it to rapine and robbery: *Quid aliud existimari debet, he writes, quam tutum quoddam rapinae ac furti genus?* He wished that recourse should be had to public loans only in cases of extreme necessity, such as the defence of the kingdom.

A certain number of political works appeared in the fourteenth and fifteenth centuries. At the beginning of the fourteenth century, Dante wrote *De monarchia*; later, Francesco Petrarch composed *De republica optime administranda* and *De officiis et virtutibus imperatoris*. In the middle of the fifteenth century, Leone Battista Alberti, man of letters, mathematician, and inventive genius, wrote *Momo sive de*

principe, a kind of fable, wherein Momus, turned out of Heaven, comes to Florence; and Matteo Palmieri, historian, orator, and poet, wrote *Della vita civile*, which Claude de Rosière translated into French in the following century. The *De optimo cive* and the *De Principe* of Bartolommeo Sacchi di Platina, the *De Principe* by Joviano Pontano, *De gerendo magistratu* by Giovanni Antonio Campano, *De officio principis* by Giovanni Poggio, son of Poggio Bracciolini, *De principe et de officio ducis*, by Raffaele Maffei, the *Trattato circa il reggimento e governo della città di Firenze* of Girolamo Savonarola, and the *De optimo statu* of Filippo Beroaldo¹ may be ranked equally in the list. Economic questions were, however, but little studied in these various works; they contain only a few general remarks upon them.

This is not the case with the works of Francesco Patrizi, where interesting observations are to be found. This author was, like Caraffa, a great friend of King Ferdinand of Naples, for whose son he wrote *De regno et regis institutione libri novem*. Besides this book, he

¹ Ferdinando Cavalli, work cited in the *Memorie dell' Istituto Veneto*, vol. xii. pp. 127 et seq.; 481 et seq.; vol. xiii. pp. 3 et seq.

published *De institutione reipublicae libri novem*. Patrizi exalts the excellence of agriculture, praises commerce, and shows the utility of manufacture. Tommaso de Vio deserves mention also. He was born at Gaëta, and was named after his native place *Cajetanus*. His greatest period of activity belongs to the first third of the sixteenth century, but between 1498 and 1500 he published three works on usury, exchange, and the *mons pietatis*.

Of equal importance in the literary and dogmatic history of political economy is Gabriel Biel, originally from Spire, but connected with the university of Tübingen, from its foundation, as professor of theology. It is in the part of his *Collectarium sententiarum*, devoted to the restitution of things unlawfully obtained that Gabriel Biel treats of interest and fair price. He admits that the lender receives more than his capital, and in fixing the just value he displays sympathy with the current practice of the market, the *currens fori consuetudo*. One chapter of the book is devoted to money; it is entitled *De monetarum potestate simul ac utilitate*; the writer bases his opinions on the celebrated work of Nicole Oresme, which will be noticed later.

As we shall have occasion to make clear, the commercial and industrial situation was, in the sixteenth century, subjected to profound modifications, which exerted an influence over systems and theories. Besides this an essential change came about: several great States were constituted, having a distinct economic bent of their own; the writers may henceforth be ranked according to their nationality, or, to be more precise, according to the governments whose methods they defended, or whose policy they claimed to criticise.

CHAPTER VII

THE JEWS OF THE MIDDLE AGES

IN the wide field offered to human activity by mediæval Europe, the part of middleman and broker was chiefly filled by the Jew and the Italian merchant, the “Lombard.”

For centuries the history of the Jewish people may be summed up in a few words; they were envied, hated, robbed, and persecuted.

The periods were very brief and the countries very few wherein tolerance permitted them to develop their working capacities in peace. But despite all, they persevered, worked, and hoped.

The Jewish influence in Europe existed before our era. There were Israelitish communities in the Greek islands and Greece proper more than a century before Christ, and in the year 140 the Alexandrian sybil described the Hebrews as “filling the lands and the seas.” Many of them went to Rome, and Jewish groups were established

in the majority of the western towns of any importance. All these groups were in constant communication with each other; their religion bound them together, and material interests linked them by numberless ties at every possible point of contact. The wars in Judea and the destruction of Jerusalem in the year 70 of our era brought about the dispersion of the people, and as a consequence the expansion of the energies they possessed.

When victorious Christianity ruled the empire various disabilities were put upon the Jews, who were especially declared unqualified for holding public offices; but, as has been observed, their repression did not go to the length of violence; to keep them at a distance was the main idea of the law against them.¹ Their economic position was, therefore, not altogether unfavourable; they established themselves in the centres of commerce, like the Syrians. Narbonne, Marseilles, Arles, Genoa, Naples, and Palermo were the places chosen for their business. Their instinct for association was of wonderful service to them; they extended their business relations far and wide; they had, what the Christians had not, correspondents in foreign countries, trust-

¹ P. Viollet, *Précis de l'histoire du droit français*, p. 302.

worthy men ready to do their bidding faithfully, as they were fulfilling the commands given them by co-religionists. They moved about from place to place, travelling to all parts of the then known world. An Arab writer, Ibn Khurdâdbah, bears witness that in the middle of the ninth century there existed a series of Jewish communities extending from Spain to China linked, it might be said, one to the other without a break.¹

Intolerance coupled with violence showed itself in several of the kingdoms founded by the Barbarians. In France, from the seventh century some edicts aiming at the compulsory baptism of Israelites were enacted at the instigation of the clergy. In Spain the councils of Toledo interdicted them from all alliances and transactions with Christians, and compelled them to be baptized. In the latter country, however, the Jews obtained a real civil liberty under certain kings of the twelfth century. But this was exceptional.

Furthermore, circumstances created by degrees a peculiar situation. Throughout the

¹ W. von Heyd, *Histoire du commerce du Levant au moyen âge*. French edition published by Furey Raynaud, vol. i. p. 127.

West, money-changing, the handling of capital, lending at interest, became almost the exclusive prerogatives of the Jews at a certain period, because the secular and ecclesiastic powers were denouncing those Christians who dared to devote themselves to trade and those transactions, and governments were acting as if they wished to confine the Jews to the practice of usury by shutting them out from every other occupation. The acquisition of landed property was forbidden them everywhere, except at certain periods in the south of France and in Spain. The guilds and crafts were closed to them, and they found themselves, therefore, excluded from every kind of industry and manufacture. As soon, however, as they were granted the rights of common law they were readily merged in the Christian population. As to the French Jews, it has been proved that before the persecutions of the thirteenth century their occupations were the same as those of the other inhabitants of the country. "They cultivated the land," says Renan, "were agriculturists and vine-growers. In the fourteenth century all was changed. After that the Israelite possessed nothing but money."¹

¹ E. Renan, "Les écrivains juifs français du XIV^e siècle," in the *Histoire littéraire de la France*, vol. xxxi. p. 736.

Prominence has been given to various general features of the Middle Ages ; such as the scarcity of coin, the embarrassment of the landed proprietors, the prevalence of usury among all classes of society. This is especially insisted on by M. Delisle, who supports it by proofs. As he says, no one is ignorant of the poverty in which the greatest lords were sunk. In the twelfth and thirteenth centuries very few knights could have taken part in the Crusades if they had depended on their own resources. Most of them set out after having besought the generosity of the religious orders established upon their domains.¹ The middle classes held capital, but this was tied up by legal restrictions on usury. None but Jews were allowed to lend. The authorities granted them the privilege, or rather exploited it, imposing, if need were, restrictions or expiating the sin which they committed by complete or partial repudiation of the debt, or by extortion, confiscation, and expulsion. A concession granted to the Jews of Normandy by Philip Augustus is noteworthy for the various prohibitions contained in it. They could not lend to such workers as labourers, shoemakers,

¹ L. Delisle, *Étude sur la condition de la classe agricole et l'état de l'agriculture en Normandie au moyen âge*, p. 194.

carpenters, who had no resource beyond the work of their hands; they were to take in pledge neither iron nor cattle, neither a plough nor wheat which had not been winnowed.¹

A legal theory was introduced whereby the Jew was considered as the *servus* of the king or lord; he could not henceforth own anything; his master, king, or lord, disposed of everything that had the appearance of being property. St. Thomas himself sanctioned this view by his authority.²

In fact, over a considerable part of the feudal world each lord had his Jew, just as he had his weaver and his blacksmith. The Jew was actual property which might be enfeoffed and sold.³

In certain countries the Jews were not only engaged in money-lending and the trade in bullion, but also held the traffic in luxuries, silk, and spices. They sold through the shop-keeping middlemen a number of articles which they bought wholesale in oriental markets.⁴ The south of France gave them asylum until the proscription against them under Philip the Fair, and it was especially on French soil that their

¹ L. Delisle, *Étude sur la condition de la classe agricole et l'état de l'agriculture en Normandie au moyen âge*, p. 201.

² Viollet, work cited, p. 304.

³ Pigeonneau, *Histoire du commerce de la France*, vol. i. p. 104.

⁴ *Ibid.* vol. i. p. 242.

industrial activity developed.¹ They there formed rich and powerful communities which won admission for their members to public offices. This was the case in Languedoc and in Provence, in spite of the continual opposition of the clergy. Elsewhere, too, they gained a privileged position. In Spain under several kings of the twelfth century the Jews were tried by their Rabbis in accordance with their own laws. In Navarre they had their special administration, and in Venice they enjoyed great security.

Unfortunately, they suffered loss of human dignity. The Israelites were isolated ; they were compelled to wear distinctive marks upon their dress ; they were shut up in quarters from which they could only be absent for a short time. Thus, for instance, the Jews in Venice had the island of San Girolamo assigned to them for residence, and in the quarter called the Ghetto a public official supervised the financial transactions of the inhabitants, verified all bonds, and saw that they did not take advantage of people fallen into distress.²

The position of the Jews of England was that

¹ Viollet, work cited, p. 306.

² Schefer et Cordier, *Recueil des voyages*, vol. xi. "Le voyage de Terre Sainte de Possot et Philippe," p. 79.

of actual "chattels" belonging to the king; they had nothing of their own; what they possessed belonged to the sovereign; what was due to them in reality was due to the king. The king organized usury and regulated it; the Jews were his instruments; the chronicler, William of Newbury, calls them "the king's usurers." The Jews in England were organized in communities under the jurisdiction of royal officials called the *Custodes* or *Judicarii Judaeorum*. A considerable income was derived from them. Taxes were imposed according to the king's pleasure, and fines besides. In the riots of 1190, which ended in the horrible massacre at York, the bonds found in the possession of the Jews were burned, as well as their registered copies, which were stored in the treasury of the cathedral: the king, though legal representative of every Jew, was not able to assert his rights against the debtors. And so a special office was instituted, which kept an account for the future of all business agreements.¹

The resources of the Jews are approximately known in the history of English public finance.

¹ W. Cunningham, *The Growth of English Industry and Commerce during the Middle Ages*, p. 143. J. Jacobs, *The Jews of Angevin England*, Introduction, p. xiv.

In 1187 their personal property was valued at £240,000, against the £700,000 personal property of the other inhabitants of the kingdom. They paid about £3000 to the king, whose whole revenue did not amount to £35,000.

Persecution raged in every land. It is almost possible even to fix the very beginning of the movement; the signal came from the Byzantine empire. But of this we are certain: cruel enactments made their appearance in Italy from the eleventh century, and for more than four hundred years there were violent outbreaks in the other countries of Western Europe.

The services rendered by the race bear witness, however, to their great qualities. In economics, besides the impetus which their enterprising spirit gave to business, and their contributions towards the development of commerce into a profession, we may point to the powerful assistance given by Jews to the creation of the credit system. We owe to them more than one principle which penetrated into commercial customs and therefore into our modern commercial law, impressing on business transactions a stable and irrevocable character.¹

¹ W. Roscher, *Ansichten der Volkswirtschaft aus dem geschichtlichen Standpunkte*, vol. ii. p. 332.

In matters of the intellect also their influence was valuable. The Jews of Spain inspired an active movement in favour of freedom of judgment against the authoritarian tendency of Roman Catholicism. Illustrious men, such as Aben Ezra of Toledo, Avicebron of Malaga, and, above all, the illustrious Maimonides of Cordova, awakened the rationalist spirit. One part of France from the twelfth century up to the beginning of the fourteenth was a centre of science. There, as in Spain, the writings and traditions of the Greek schools were communicated to Europe by interpretation, commentary, and translations from the writings of learned Musulmans. Philosophy, medicine, physics, astronomy, and mathematics were the objects of study, sometimes original and often new to the Christians, whose scholastic education had brought them but a scanty knowledge. Renan shows that this literary activity of the Jews in France was manifested from the eleventh century in the rich Jewries kept together by the fairs and trade in the domains of the Counts of Champagne. He recalls the activity of the schools of the south of France and the translations made in Rabbinical Hebrew by Israelites from Spain. He refers to the contests

between free thought and dogmatic tradition in the very heart of Jewish society.¹ Thanks to the Israelites, the north and west of Europe could keep in touch with the scientific works of the Musulman world.

The Jews were expelled from England in 1290, though there is a tradition that the law was not rigorously enforced, and that the expulsion was carried out only in 1358. It was Cromwell's government which readmitted the Jewish element, and thus put an end to the long period of their outlawry. It must be noted that since this epoch English law contained no other disability for Israelites, except making the entrance into public life a religious initiation through the taking of an oath according to the Christian formula. The entire parliamentary struggle turned, therefore, upon the terms of this oath.²

In France the arrest of all Jews has been repeatedly ordained. In 1181 they were plundered of their goods and their bonds. In 1197 the laws against them were repealed.

¹ E. Renan, "Les rabbins français du commencement du XIV^e siècle," in *L'Histoire littéraire de la France*, vol. xvii. pp. 431 et seq. *Ibid.* "Les écrivains juifs français du XIV^e siècle," same series, vol. xxxi. pp. 351 et seq.

² J. Jacobs, work cited, Introduction, p. xxi.

Expulsion and recall succeeded each other throughout the next century. Proscribed in 1306, the Jews were attacked again in 1311 and 1312. On this occasion Philip the Fair expelled both Jews and Lombards. They were allowed to return at the beginning of the reign of Louis X., permission being granted for a term of nine years. Under Philip V. they were persecuted and slaughtered. In 1359 they were re-admitted, granted royal protection, and exempted from taxes. In 1410 they were finally expelled.¹ The competition between the Jews and Lombards, long since begun, ended in the triumph of the latter. The Lombards had the support of the Italian Governments. In the towns of France where they were settled they elected the chiefs of their communities. They easily obtained permission to lend at rates of interest, in reality usurious, but legalised by a fiction because they were covered by royal concession.²

The last two-thirds of the fifteenth century in the history of Germany are marked by measures of spoliation and expulsion. Not a province,

¹ J. J. Clamageran, *Histoire de l'impôt en France*, vol. i. p. 199.

² Pigeonneau, work cited, vol. i. p. 245.

not a town, we might say, was excepted. One result quickly showed itself; to supplant the shops of the Israelites, banks were established by Christians, and soon the directors of great companies were accused of usury and iniquitous extortion. Like the Jews, they incurred the hatred of the populace; a terrible reproach was laid upon them, they were accused of monopolising the necessities of life.¹

In Spain the popular hatred burst out at the end of the fourteenth century. For a considerable time the Government ventured to resist it. In Castile in the middle of the fifteenth century, the Jews were even placed under royal protection, and the great vassals were called upon to treat them with humanity. At the end of the fifteenth century the Inquisition took action against them. In 1492 the Government of Ferdinand and Isabella passed some cruel laws. Baptism was made compulsory. Every Jew who refused to submit to it was compelled to quit the country within three months; the penalty was death and confiscation. Those who refused to abjure their religion had to place

¹ J. Janssen, "L'Allemagne et la Réforme," *L'Allemagne à la fin du moyen âge*. Translated from the German, with a preface by G. Heinrich, pp. 372 et seq.

themselves under the protection of the crown until their departure. They were free to dispose of their wealth and to take it away in bills of exchange, but not in gold or silver. It was confiscation in disguise. The number of the proscribed has been estimated at two or three hundred thousand. Eighty thousand sought, through Portugal, a passage to Africa; it was sold them by John II. at the rate of eight gold crowns a head. The unfortunate creatures who could not embark were reduced to slavery. Thousands of others took ship for Italy; many of these were massacred on board. "The rest," says the writer from whom we quote, "were dispersed in France, in England, and to the farthest parts of the Levant."¹

¹ Rosseeuw St. Hilaire, *Histoire d'Espagne*, vol. vi. pp. 44 et seq.

CHAPTER VIII

MERCHANTS AND BANKERS

THE Italian merchants have played an important part in the history of European commerce. The Middle Ages owed to them a number of economic and financial institutions. They invented bills of exchange; they organized public loans; they gave practical commerce its technique and its methods.

Some Italian towns produced perfect "types" of traders, clever, persevering, quick at calculating risk, daring in their schemes. If, at the outset, the merchants confined themselves to purely commercial transactions chiefly concerned with raw materials, it was not long before they embarked in financial undertakings, and in many places corporations of *cambisti* were formed for exchange and deposit. Then banks were established, supported sometimes only by the approval of the corporation, sometimes by the authorisa-

tion of the republic or sovereign. When deposit no longer sufficed for their business activity, these banks were devoted to all the various modes of credit.

In the list of great banking and commercial houses, which were real capitalist powers, the Italian come first in order of date. Already in the twelfth century their sphere of action was enlarged, and branches and counting-houses were established in various places. In the thirteenth or fourteenth century they covered to a certain extent the civilised world with a network of communications. They had their correspondents; they received notice of political events, of combinations, and of chances. For a long time each firm included only members of the same families; at first even the clerks were chosen from among relations. Every form of business implies distrust of competitors, and here a common characteristic of the Middle Ages was evolved, namely, the pretence of secrecy as a means of preserving a monopoly.

The urgent need of security sometimes impelled rival merchants to establish genuine leagues. Commerce thus created a power treating almost on terms of equality with princes and kings. The merchants of Lombardy, Tuscany,

and Provence negotiated with sovereigns, lords, and communes for the protection of their expeditions; they came to a common agreement with them about the payment of taxes and the inspection of merchandise. In 1293, their envoys or representatives held a conference at Chambéry with Amadeus V. of Savoy. The delegates of Lombardy and Tuscany were accredited by the merchants of Milan, Florence, Rome, Lucca, Siena, Orvieto, Venice, Genoa, Alba, and Asti. An arrangement was come to between the representatives of the king of France and "the captain of the university of the Lombard and Tuscan merchants," spokesman of the traders of eleven Italian towns, on the subject of transferring the seat of their community from Montpellier to Nîmes.¹ Trade possessed the means of enforcing its rights when princes violated their engagements; it chose out other routes and deprived the treaty-breaker of tangible profits.² Change of route was an important matter; more important still might be the choice of new localities for markets

¹ L. Cibrario, *Les conditions économiques de l'Italie au temps de Dante*, p. 46.

² Pigeonnetteau, *Histoire du commerce de la France*, vol. i. p. 253.

and fairs. When the Italians deserted the fairs of Champagne the prosperity of Lyons, the newly chosen centre, became greatly increased.

The commerce of the Italian merchants comprised all the products of their respective towns and articles from the Levant; gold, silver, precious stones constituted important parts in all negotiations. Presently exchange was added, and above all, lending at interest. Their transactions brought them into contact with the Jews, whose rivals they grew to be; in the matter of usury they came into actual conflict. The Lombards easily obtained the licence of kings, princes, and municipal magistrates for pursuing the business of finance. But their cleverness in business brought envy and hostility upon them, as it did in the case of the Jews, and in several countries they were persecuted.

In France especially, edicts of confiscation were issued against them in 1253, 1269, and 1274. Sometimes reservations were made in favour of those who had not practised usury; sometimes the condemnation was unconditional.¹ In addition to this there were compromises made; they bought themselves off; the government seemed to take pleasure in the game. In

¹ Pigeonneau, *Histoire du commerce de la France*, vol. i. p. 52.

1317, to cite one case, Philip V. caused all the Italian merchants and bankers to be arrested, and an increased taxation to be imposed upon them. None the less, these supple and persevering financiers carried on their business. Their activities redoubled; their establishments multiplied up to the moment when misfortune overwhelmed the country and the ruin which had been accumulating during the Hundred Years' War obstructed their enterprises.

Italian influence made itself felt again in the beginning of the sixteenth century. Lyons once more became an extremely important business centre. There was some show of French competition, but it in no wise checked the development of Italian finance. Besides, there came from beyond the mountains a beneficial influx of skilled artisans. Hunted out chiefly by the bad government of Spanish officials, workers, who were also artists, from Milan, Florence, and Naples, introduced into French industry and manufacture both taste and finish.

England was for a long while the privileged sphere of Italian merchants. At first they carried on a trade in wool, but later usury seems to have become their professed occupation. Several of their firms were under the special

protection of the popes, and there are many letters from Roman pontiffs recommending them to the kings and queens. Circumstances aided their industrial activity.

The Holy See frequently claimed from the clergy a proportion of their revenues; tithes were exacted for four, five, and six years. A special officer, *the collector*, residing in London, was retained for the taxes and other duties; but it was chiefly the Italian merchants who helped him to get in the money. They were in communication with the chapters and monasteries, and advanced the sums required by ecclesiastical dignitaries and monks to discharge their obligations to the Holy See—money which it was impossible for them to find immediately.¹

The crown had recourse to their good offices with a frequency explained by its great necessities. The lenders took securities; they obtained the allotment of commercial privileges, claimed pledges and required guarantees. There are many instances of business relations between the kings and the Italian firms. Before the

¹ Sir Edward A. Bond. "Extracts from the Liberate Rolls relative to loans supplied by Italian merchants to the Kings of England in the thirteenth and fourteenth centuries," in the *Archæologia*, vol. xxviii. p. 212.

end of the twelfth century King John promised by "letters of obligations" to pay the merchants of Piacenza a sum of money which they had advanced to the ambassadors at the Court of Rome on the order of his predecessor, King Richard.¹ Royal engagements of this kind were many, as Henry III. and the three Edwards borrowed very freely. Besides this, they entrusted the Italian merchants with important offices: sometimes the recovery of subsidies; sometimes the direction of their mints, where the workmen were chiefly Italians; sometimes with high positions in the administration. They also commissioned them to undertake offices for which very considerable sums were put at their disposal. A Lucchese became Edward I.'s confidential agent. About the same time, it should be remembered, two Florentine merchants, the brothers Biccio and Musciato Guidi, worthy advisers of such a king, managed the political finance of Philip the Fair.

Official documents prove that the bankers of the King of England could not always congratulate themselves on their clients. Many documents dating from the twenty-second to the twenty-seventh year of Edward I.'s reign

¹ Sir Edward A. Bond, work cited, p. 216.

show that king's indebtedness to the merchants. From the outset of Edward II.'s reign acknowledgments of his predecessor's debts and of his own began to appear. In 1339 Edward III. owed the Florentine firms of Peruzzi and Bardi alone 1,355,000 gold florins. When he announced that year a suspension of payment to the creditors of the crown, a great many Florentine houses were involved in ruin. The liquidation of the Peruzzi and the Bardi ended in the paying of a dividend of fifteen or twenty per cent. Edward III.'s dishonesty was not the sole cause of this ruin; the King of Sicily had, at the same time, refused to pay the two firms close on 200,000 gold florins, which he owed them, and iniquitous measures had just then been taken in France against Italian bankers generally.

Italian merchants, money-changers, and bankers were settled in nearly every country. In Germany they had establishments in all the important towns. It was the same in the Netherlands, where generally "loan-tables" were conceded to them. It has been seen how the popes gave them special protection. They made use of them to collect their revenues in various countries of Christendom. Nearly all

the Italian firms have thus served as middlemen to the Holy See. In the middle of the thirteenth century some Sienese were signally favoured. Orlando di Bonsignore, head of a house that did business in Italy, France, England, and Asia Minor, was honoured with the personal friendship of Urban IV., and his firm was placed under the patronage of Clement IV. The pontifical favour was extended soon to the majority of Italian firms. In several countries, France for example, the title of "Officer of the Church" protected certain merchants from distraint even by the king's men.¹ When a town was excommunicated the popes exempted the Italian bankers, thus doing away with the excuse given their debtors for not paying their debts. In other cases the Holy See threatened with excommunication whosoever did not keep their contracts with respect to the merchants. There are very many examples of this. Princes received solemn warnings, followed, if need be, by rigorous measures, whole cities even being placed under an interdict.

To this was added the power of the ecclesi-

¹ G. Servois, "Emprunts de saint Louis en Palestine et en Afrique," in the *Bibliothèque de l'École des chartes*, quatrième série, vol. iv. p. 113.

astical courts. These could decide in actions directed against certain classes of persons, such as the clergy, and in cases of claims based upon agreements which recognised the authority of the Church's court either expressly or by the fact of the contracting parties appearing before an ecclesiastical notary. Ecclesiastic jurisdiction was often preferred to civil jurisdiction; the judges were better versed in the knowledge of the law than the royal judges, still more so than those of the seigniorial courts. The purely spiritual penalty sufficed, as a rule, for the carrying out of any judgment passed. This penalty was excommunication. In civil and commercial matters the jurisdiction of the Church did not include the penalty of imprisonment or the distraint of goods, but for long enough excommunication was sufficient to ensure the execution of sentences. Furthermore, it was in itself a real punishment and entailed disagreeable consequences, even after the death of the condemned man, to whom a hallowed sepulture was refused, and whose body might be disinterred and refused burial in consecrated ground.

Civil and commercial matters require a swift application of judicial rules; access to the courts should be easy and justice expeditious. On

these points the canonical procedure offered undeniable advantages. In fact, the penalty of excommunication came at last to be applied not only when the accused was guilty, not only when the condemned man refused to submit to the judgment of the court, but also without passing of sentence, after a single warning. It was enough for a debtor to admit his debt before an ecclesiastical court and consent to be excommunicated, after being once warned, if he did not pay at the time agreed on. This was the obligation *cum clausula de nisi*, the obligation *de nisi*. Out of this arose excommunication *pro contumacia*, the excommunication *pro judicato*, and the excommunication *pro judicato de nisi*. The system was in its fullest strength in the latter half of the fourteenth century and in the first half of the fifteenth. The royal power resisted it. The ingenious obligation *de nisi* was the first to be attacked; from the sixteenth century this was struck at as an abuse by the governmental weapon of appeal. Finally, a general prohibition was pronounced against procedure by means of excommunication.¹

¹ École française de Rome. *Mélanges d'archéologie et d'histoire*, cinquième année, pp. 236 et seq. "Débiteurs privés de sépulture," par A. Esmein.

The great Italian firms carried on an extensive commerce with the Levant; thus by their business branches they united East with West. The Peruzzi Company had in its day of greatest prosperity sixteen branches, stretching from London and Bruges to Tunis and Cyprus. The bill of exchange served as a means of credit, dispensing with the transport of bullion or even of coin, which depreciated at the crossing of every frontier, and tempted brigands and thieves. Fair-dealing pervaded all transactions. Firms often guaranteed the fulfilment of engagements taken by some house, and put themselves in its place if it could not carry out its obligations. Agreements between towns in their turn protected commerce. Florence and Perugia, for instance, maintained each in the other's city an arbitrator commissioned to decide, with a judge's assistance, all litigation between merchants of the two Republics, and when the debtor had not wealth enough to discharge his debt his goods were subjected to a proportional toll in the creditor's favour.¹

Banking and money-changing transactions became the object of a distinct profession when it became necessary to ensure the stability of the

¹ F. T. Perrens, *Histoire de Florence*, vol. iii. p. 267.

currency, thus providing for one of the great needs of commerce. Athens had joint-stock companies—those who supplied funds and received dividends, four centuries before our era. The traffic in silver, gold, money, and exchange-values in general was greatly developed in Rome, where the *nummularii* and *probatores* were wholly occupied, the one in transactions connected with minted money, the others in the work of testing and verifying, and where the *argentarii* were at an early period organized into societies.¹ The *Book of the Prefect* contains a series of provisions concerning bankers and money-changers in the capital of the Byzantine empire. In order to be admitted into the society of bankers the testimony of honourable men had to be forthcoming to answer for the candidate that he would do nothing contrary to the rules—that is, that he would not file or clip either the *aurei* or the *milliarensia*, that he would not utter false coin, and that if any public service prevented him from carrying on his business he should not install any of his slaves in his place as director of the bank. Infringement of these rules was severely punished; the delinquent had his hand cut off.

¹ A. Deloume, *Les manieurs d'argent à Rome jusqu'à l'empire*, pp. 147 et seq.

The money-changers were bound to denounce to the prefect the unlicensed changers, *saccularii*, who prowled about the highways with their money-bags: they might not discount anything on the gold if it was of good alloy and stamped with the authentic imperial effigy; they should take it for what it was worth if it was not good metal; the penalty was chastisement with the whip, cropping off the hair and beard, and confiscation. They were compelled to denounce false money and the receivers of it.¹ Money-changers began to appear in Arab towns. An Arabian geographer, Ibn Hauqal, mentions their being at Palermo in 977.

In Italy the term *campsor* was used to designate money-changers from the twelfth century. In 1111 the money-changers and merchants of Lucca took an oath not to rob, defraud, or falsify—"nec furtum faciant, nec treccamentum aut falsitatem." The money-changers' tables were mentioned in a donation made in 1138 to the Church of the Holy Sepulchre by King Fulk of Jerusalem. The term *cambia* was used in Genoa in 1156.² A.

¹ *Le livre du préfet ou l'édit de l'empereur Léon le Sage sur les corporations de Constantinople.* French translation from the Geneva text by Jules Nicole, with introduction and explanatory notes, p. 38.

² A. Pertile, *Storia del diritto italiano*, vol. iv. p. 698.

distinction was soon made between the *cambiatori* and the "money-changers"—the name given to bankers and the *mercatanti*, the merchants trading more especially in silk and wool.¹ In 1171 the heads of the Lombard League obtained from Frederick Barbarossa a recognition of the customs in use in the "tables," *tavole*, of the money-changers and merchants. In 1190 the *cambiatori* of Amalfi, residing in Naples, acquired the privilege of having their own consuls. Under the democratic system which prevailed at Florence in 1266, the "art of money-changers" was considered one of the seven greater arts, one of the seven burgess societies, the fourteen lesser arts comprising the workers. The art of money-changers existed before this date, for in 1201 the *consoli de' cambiatori* may be noted, and in 1204 the same "art" took part in a treaty concluded between Florence and Siena. It may be remarked here that one of the services rendered to the Italian Republics was the improvement of the coinage. The gold florin of Florence appeared in 1252; it was of 24 carats, intrinsically equivalent to 12 francs 17 centimes; but its value was much greater if we take into consideration that the purchasing power of money was then five or

¹ P. Rota, *Storia delle banche*, pp. 36 et seq.

six times greater than it is to-day. The use of the *fiorino di suggello* was introduced in the same city. The florins were tested, counted, and collected in small leather bags, which were fastened up and sealed with the seal of the city, and these were used in the payment of large sums.

Public banks grew up beside the private ones. The "Bank of Venice," founded, according to some writers, in 1171, seems to have been somewhat in the nature of a company of creditors formed on the occasion of a loan contracted by the Republic. The public banks of Venice were not formed until later. The formation of private banks had been regulated by the laws of Venice since 1270. They were subjected to administrative interference. Security had to be given, at first to the amount of 3000 livres, which was soon increased to 5000, and a licence was needed. Certain commercial transactions were prohibited; the amount of the others was limited to one and a half time the sum total of the loans to the Signoria. Thus a series of legislative measures succeeded each other from the fourteenth to the sixteenth century. In 1524 officers were appointed to keep the banks under observation, and finally the bankers were nominated by government.¹

¹ P. Rota, work cited, pp. 93 et seq.

A public bank was founded in Venice in 1589, and three magistrates were appointed by the government to direct it. A new public bank, the *Banco giro*, which existed up to the downfall of the Republic, dated from 1619.

The Bank of St. George, founded in Genoa in 1407, was really a great national institution, controlled by those interested in it and by their direct representatives, founded on the development of Genoese industries, and kept going by the produce of the taxes and customs. At one time the Republic ceded to it Kaffa (Theodosia) and the colonies on the Black Sea, and it became actually a state within a state.¹ The "Table," *Tavola*, of Palermo dates according to some from the fourteenth century, according to others from the end of the sixteenth; like the *Tavola* of Messina it was a public bank. A system of money orders was organized there, to which it has been sought to trace the origin of cheques. Barcelona had a bank, *Taula di Cambi*, from 1401.

The foundation of the Bank of Amsterdam is ascribed to the year 1609, and this, as has been already shown, served in a way as a model for

¹ E. Nys, *Études de droit international et de droit politique*, p. 32.

the Bank of England when it was founded in 1694.

Powerful houses sprang up in Germany during the sixteenth century. At first occupied exclusively in commerce, these soon took up financial business, either because they were obliged to take the silver mines in pledge to work them and to sell the produce, or because their trade, supported chiefly by Venice, decreased just in proportion as the general commerce of that city continued to wane.¹ Some of these German houses became immensely rich. The amounts are instructive when picked out from century to century. Not including the personal fortune of its members, the house of Fugger at Augsburg in the middle of the sixteenth century possessed fifty millions of francs, and controlled therefore a commercial power of two hundred million francs at least. In some years the profits made were 54 per cent; in others they reached at most to $2\frac{1}{2}$ th per cent. For thirty-two years from the beginning of the sixteenth century, concerning which there exists information, the average was $32\frac{1}{2}$ per cent. The

¹ R. Ehrenberg, *Das Zeitalter der Fugger, Geldkapital und Creditverkehr im 16. Jahrhundert*, vol. i. "Die Geldmächte des 16. Jahrhunderts," p. 187.

wealth of the Florentine Medicis was proverbial. Lorenzo di Medicis and his brother Cosmo possessed towards the middle of the fifteenth century more than seven millions modern currency, of which the commercial power may be reckoned at more than thirty-seven millions of francs. If we go back to the beginning of the fourteenth century, we see the Peruzzi possessing about 625,000 francs, representing a commercial power of about four millions of francs.¹

From another point of view it may be stated that these great firms organized a genuine intelligence department. In the fifteenth century the representatives of the house of Medicis at Lyons kept a kind of office for inquiries into French political matters. Moreover, all the Italian banks established in France were as much political as financial agencies.² In the latter half of the sixteenth and at the beginning of the seventeenth century, the Fuggers had correspondents in the chief cities of Europe, and their letters display a thorough knowledge of contemporary politics.³

¹ R. Ehrenberg, work cited, vol. i. p. 386.

² R. de Maulde la Clavière, *La diplomatie au temps de Machiavel*, vol. i. p. 451.

³ Gachard, *Notice sur les manuscrits concernant l'histoire de Belgique qui existent à la Bibliothèque impériale de Vienne*, p. 67.

In conclusion, examples of important enterprises undertaken by German firms may be mentioned. Under Philip II. the Fuggers endeavoured to obtain from the Spanish government a concession of vast territories in the Chili of to-day. Under Charles V. the Welsers of Augsburg obtained a whole province in Venezuela; the crown abandoning to them the greater part of its right over the gold and silver. The concessionnaires were authorised to reduce to slavery those Indians who attempted resistance; they were also granted unlimited rights. The Welsers appointed a governor and officials over the new colony, and their rule over territories of the New World lasted twenty-six years.

Among the institutions favoured by the life of Mediæval Europe, we may mention the fairs and the gatherings known later under the name of *bourses* (exchanges).

Fairs gave a security to trade. They brought the merchants of distant countries into frequent contact, and paved the way for a uniformity in juridical rules. These periodic markets date very far back; without counting the five great yearly fairs which were held in Arabia long before the time of Mohammed, it may be remembered that in the first half of the Middle

Ages meetings for purposes of trade had been held at the chief halting-places on the commercial roads from the east to the west, from Kiev to the British Isles. According as the economic movement increased the centres were multiplied. Soon there were no countries which did not include some towns where at certain times the merchants of the then known world assembled. Often the fairs coincided with pilgrimages. This peculiarity was not confined to European countries : it characterised also Africa and Asia.

Moreover, as far as Europe was concerned, trade began to be protected. The "truce of God" was solemnly confirmed at the council of Clermont in 1095 ; frequently renewed, it was ratified for the last time by the third Lateran council in 1179 as a general law for Christendom. It forbade at any time the use of violence towards merchants, who were placed upon the same footing as priests, monks, lay brothers, and pilgrims.¹ On the other hand, princes and municipalities in their own interests began to keep watch over the high-roads, and to establish what was called the *conductus nundinarum*. Theory was even outrun by practice. One writer, summarising the theoretical position,

¹ E. Nys, *Les origines du droit international*, p. 80.

points to the immunity of the merchant resulting from the privileges accorded to the great fairs as a "civil" security, which he compares with the security that the "law of nations" accords to ambassadors.¹ There was generally a special jurisdiction for the fairs constituted in such a fashion as to join conditions of impartiality with speedy trial.

From among the great number of fairs we must select those which in the sixteenth century were connected chiefly with the business of exchange. Those of Lyons, Besançon—whither Charles V. tried to attract the Genoese in 1537—Piacenza, Antwerp, Frankfort, were the most noted. Towards the end of the sixteenth century, and during the first half of the seventeenth, the fairs of Piacenza were the most important. For more than half a century Genoa had been the greatest financial power in Europe. Her bankers and business men who had sedulously frequented the fairs of Besançon transferred their business

¹ Vincent Rigault. *Allegationes super bello Italico*, f° xxvi verso, "Quaedam est securitas de jure gentium prout illa quae datur legatis et ambassiatoribus, et nemo potest illos offendere. Alia est securitas civilis, ut vadens ad nundinas non possit inquietari. Et ista non porrigitur ad hostes; sed si detur . . . est servanda fides." The quotation is given by M. de Maulde la Clavière, in *La diplomatie au temps de Machiavel*, vol. ii. p. 67.

first to Poligny, afterwards to Chambéry, then in 1576 to Italy, where they finally settled upon Piacenza. According to the ideas of the time, money transactions required a foreign market; thus it was tried to justify theoretically the various profits which exchange produced, by pointing out that they were necessitated by the expenses incurred by business done at a great distance. And in this way the notion sprang up of the essential idea of a remittance from one place to another.

In the first half of the sixteenth century Lyons was the centre of the business of exchange. The Florentine bankers had been all powerful there, and the "exchange of Lyons," *cambium lugdunense*, served even as a model; it was discussed and analysed by writers. Furthermore, a common law in matters of exchange grew up, the "exchange of the fairs," the *cambium nundinale* or *feriarum*, an outcome of mercantile practice and custom, which was finally incorporated in the municipal ordinances and in the laws. At Piacenza, a resort equally of Milanese, Tuscans, and Venetians, the Genoese element so preponderated that the name "Genoese fair" was the usual designation. Every three months fifty or sixty representatives of the

greatest firms met there. To gain admission a security of two thousand crowns had to be deposited, while, in order to be able to take part in the fixing of the rates, it was necessary to have a counting-house and to lodge a further security of twice that amount. The dukes of Parma granted extended privileges; the "presidency of the fair" was composed of one consul and two councillors; the consul and one of the councillors were appointed by the Signoria of Genoa; the second councillor was elected by the Milanese bankers, but his powers were confirmed by Genoa, where appeals from the decision of this presidency were tried. A chancellor, nominated by all the bankers, represented the executive power, drew up the documents, and formulated the protests.¹

The fair of Piacenza lasted eight days; the bankers dealt successively with the acceptance of bills of exchange, the fixing of the rate of exchange, and compensation. Money was not used at all. Regarding this, Rafaello di Turri writes that the bankers who settled accounts of hundreds and thousands of gold florins had scarcely enough

¹ W. Endemann, *Studien in der romanisch-kanonistischen Wirtschafts- und Rechtslehre bis gegen Ende des siebzehnten Jahrhunderts*, vol. i. pp. 174 et seq.

money for a few days about them. "The creditor," he adds, "dreads nothing so much as receiving money."

In the sixteenth and seventeenth centuries the bankers of western Europe used a form of money of account, the *scudo di marche*, the word *marcha* being used, according to Sigismondo Scaccia, because this money was the means of simplifying the transactions of the markets. The *scudo di marche* had a fixed value, and enabled merchants to go beyond the agreements and monetary leagues in vogue up to that time; the purpose of these having been the reciprocal admission either of money struck on the same basis, or even of the money common to the contracting countries.

In the "fairs of exchange" the bankers fixed the rate of exchange for the various parts of Europe. Some governments attempted to intervene for a similar purpose and to fix a maximum rate of exchange by legislative means. Naples tried the experiment in the pragmatic sanction of 30th June 1607. At the end of a few weeks the disastrous results of this interference made themselves felt, and the carrying out of the decree had to be suspended.¹

¹ P. Rota, work cited, p. 61.

What facilitated matters of compensation in the "fairs of exchange" was the possibility of relying through re-exchange upon the credit of Europe, which was almost altogether represented by the bankers.

In this way were negotiated affairs of importance, mostly brought about by the incessant loans to the Spanish Government. It was mainly Genoese bankers who advanced the Kings of Spain those ruinous sums which they squandered on their warlike policy in Italy, France, and in the Netherlands. Such contracts, *asientos*, were of everyday occurrence, whereby the contracting bankers, *asientistas*, agreed to provide for the needs of the moment on condition that they were guaranteed the products of the mines in the New World as soon as they were landed in Europe. From 1575 to 1650 the sum total of the *asientos* was seldom less than five million ducats yearly, and in some years it rose to ten millions. The bankers of Genoa drew all classes of society into their business; nobles, burgesses, priests took shares; convents and religious foundations risked their capital. The profits were often very large, and if, as it eventually proved, the chances were great of seeing the Spanish Government placed

in a position of not being able to fulfil their engagements, the speculators found new opportunities of gain in furnishing Spain with military stores and weapons, from which they were always sure of deriving considerable advantage. The one thing needful was to renew the bills of exchange, deferring as long as possible the date of their falling due; this was the business of re-exchange which the quarterly fairs at Piacenza made possible, easy, and convenient.¹

That the merchants assembled at certain places or localities in the majority of the towns is proved undeniably: this was the case in the cities on the African coast occupied by the Crusaders and also in the Italian Republics. The "old market" in Genoa was more especially devoted to financial transactions from the beginning of the thirteenth century; the same kind of business concentrated in Venice on the Rialto and on the Piazza of St. Mark; a gallery was erected for it at Florence in the "Mercato Nuovo." Montpellier had its "loge des marchands," and Barcelona its *lonja* from the fourteenth century. The term "bourse" came

¹ R. Ehrenberg, *Das Zeitalter der Fugger, Geldkapital und Creditverkehr im 16. Jahrhundert*, vol. ii. "Die Weltbörsen und Finanzkrisen des 16. Jahrhunderts," p. 232.

from Bruges. Both name and institution reappeared in Antwerp in 1460. In France the words "bourse commune," which occur in the edicts passed in the middle of the fourteenth century, imply at the same time the idea of a merchants' assembly and a commercial law court. A first attempt to found an exchange in London was made in 1535; Sir Thomas Gresham's efforts date from 1561 to 1571; until then Lombard Street was used for such meetings. The Italians designated this as the *strada*, and in the Netherlands the insurance forms referred to the "usages and customs of the *strada* of London." Nürnberg and Augsburg had their places of assembly at the beginning of the sixteenth century. Cologne and Hamburg established "exchanges," the first-named in 1553 and the second in 1558. The word *Börse* (bourse) should not be mentioned until later.¹ The usefulness of the institution in facilitating transactions is apparent. One important result was the formation in western Europe of a public opinion which was qualified to pronounce on the credit of firms and states.²

¹ R. Ehrenberg, work cited, vol. ii. pp. 69 et seq.

² *Ibid.* p. 123.

CHAPTER IX

THE EXCHEQUER OF THE CHURCH—THE TEMPLARS—THE HOSPITALLERS

FROM the beginning of the thirteenth century the exchequer of the Roman Church assumed special importance. Previous attempts had already been made to concentrate all its resources; the demands of the popes at the end of the eleventh century, and more especially those of Gregory VII., having increased the resources of this great institution. But it was the Crusades that showed the absolute necessity of assuring fixed remuneration for the labour of ecclesiastics, and of watching over the collection of the imposts, taxes, and annual fees which were due to the Holy See from dioceses, abbeys, kingdoms, and principalities. The ecclesiastical imposts were intended for the defence of the Church, the propagation of its doctrines, and the assertion of the rights of the supreme pontiffs.

The wars against the Musulmans of Spain, Africa, and Asia, and against the heathen populations of eastern Europe, were waged for pious causes; but the idea sprang up and gained ascendancy that the contests with the Greek schismatics, with heretics, and with no matter what enemy of the Church, were no less pious.

In this way the other idea became established that even the wars undertaken, or authorised, by the popes for upholding their authority when impugned were of a religious character. The thirteenth century especially presents in this respect the strange spectacle of "crusades," accompanied by the traditional privileges and indulgences, preached against Christians whose sole offence was that they thwarted the projects of the Holy See. The popes arrogated to themselves a civilising mission. Their political schemes covered the whole world. According to the declaration of a bull addressed in 1262 by Urban IV. to the Republic of Genoa, which had committed the unpardonable offence of an alliance with the schismatic emperor, Michael Palaeologus, they defended and promoted the interest of the Catholic faith and the prosperity of the "Republic of Christendom."

Confining ourselves to the expeditions to the

Holy Land, the religious wars were costly, and it was therefore a matter of consideration how to find resources and to control their use. In several countries there were contributions specially levied on account of expeditions into Asia. The civil power imposed and superintended the collection of them, in some cases through its own servants, as was done by Louis VII. of France in 1147; in others by the aid of the ecclesiastical authorities. The Holy See tried to enforce the principle that it possessed the right to exact the levying of a tax for the purpose of a holy war. Its pretensions were soon assailed, but there was nevertheless a period during which all the governments of Christendom assented to them. Though limited at first to the clergy, such demands were ultimately extended to the laity. Theoretically, the question was debated; and it was generally admitted that, if it were juridically incumbent on the clergy to pay the crusade tithe, to do so was morally incumbent on the laity.

Beginning with Innocent III., an official system was formed which gradually included all the countries of Christendom, and took definite shape in the last part of the thirteenth century. At the council of Lyons, 1274, Gregory X.

summoned to his presence individually the members of the assembly, and obtained their assent to the imposition of a tax for the benefit of the Holy Land. A tithe of the revenues of the different churches of Christendom was thus allocated for thirty-six years. Special collectors were appointed in most countries, and twenty-three geographical groups were constituted.¹ The consent of the princes was necessary, but they generally gave it, inasmuch as they had their share in the produce of the tax. The King of France in particular obtained from Gregory X. the half of the annual receipts from the tithe, and a loan of 50,000 silver marks. In some countries, it is true, much opposition was excited, and it thus came about that Philip the Fair induced Boniface VIII. to admit the right of the King of France to constrain the French clergy to pay subsidies required for the needs of the government.²

The collection of the tithe was entrusted by the pope to the bishops. The return from it was considerable. During the last twenty-five

¹ A. Gottlob, *Die päpstlichen Kreuzzugs-Steuern des 13ten Jahrhunderts*, pp. 94 et seq.

² E. Boutaric, "Notice et extraits de documents inédits relatifs à l'histoire de France sous Philippe le Bel," in the *Notices et extraits des manuscrits de la Bibliothèque Nationale et autres bibliothèques*, vol. xx. p. 88.

years of the thirteenth century it rose, for the whole Church, to 800,000 livres, a total equivalent, on one calculation, to more than fourteen millions of francs, on another, to more than twenty millions.

The imposts mentioned did not constitute the whole revenue of the Holy See. In feudal Europe the papacy assumed the aspect worn by moral persons and individuals. It was a lordship, an aggregate of rights.¹

As has been elsewhere pointed out, it obtained for itself the payment of dues, which were in reality the price either of the special protection it promised, or of the immunities and privileges it guaranteed.² Monasteries, bishoprics, towns, nobles and princes thus pledged themselves to remit annually to the treasurer of the Church in Rome, the *camerarius*, a sum of money, or else to make him advances in kind. Collections of ordinances kept the treasurer acquainted with these obligations. From the end of the twelfth century dates the introduction of a register of contributions drawn up in order to remedy the

¹ Paul Fabre, *Étude sur le Liber censuum de l'Église romaine*, Avant-propos, p. 11.

² E. Nys, *Études de droit international et de droit politique*, p. 192.

incompleteness of these collections. This was the *Liber censuum*, the work of the chamberlain Cencius Savelli, who afterwards became pope Honorius III. The Romish theory, let it be said, exaggerated the scope of the census. According to it, these sums of money, or advances in kind, were an acknowledgment of a "proprietary right of the prince of the apostles"; the *censuales*, whether castles or monasteries, cities or kingdoms, were "*in jus et proprietatem beati Petri consistentes*."

In the transmission of the money intended for the Holy See the Italian merchants and the two military orders of the Temple and the Hospital acted generally as intermediaries. As has been shown, the services of the Italian merchants were much valued by the sovereign pontiffs, who had nearly always in close attendance representatives of one firm or another to carry on the work of their treasury.

The papal administration had regulations and financial traditions of which it might be said that they served as models for the governments of kings. It possessed a sanction, the penalty of excommunication, which fell without right of protest, when, at the term agreed on, the debtor did not fulfil his engagements. It learned how

to create throughout Christendom a complete system of supervision. When Benedict XI. succeeded Boniface VIII., the needs of the Holy See were great, and its resources naught. Many dues had not been paid, and the Church treasury had just been pillaged at Anagni by Sciarra Colonna. The new pope sent agents into most countries. He wished to collect the contributions ordered by the council of Lyons for the wants of the Holy Land, the tithes imposed by Boniface VIII. for the "expenses and necessities" of the Church, and the arrears of the dues which the popes had formerly exacted and which remained unpaid.¹ He armed his delegates with very great powers: the right of investigating and of enforcing penalties, including excommunication, no matter who was concerned. He obliged the heads of religious houses to receive, maintain, and protect them. The papal commissioner gave receipts in the name of the Church. He required full satisfaction of claims. He remitted to the Cerchi and the Bardi of Florence, bankers in ordinary to the pope, the sums paid in and the value of the objects re-

¹ École française de Rome. *Mélanges d'archéologie et d'histoire*, 1883. "Recherches sur l'administration financière du pape Benoît XI.," par Ch. Grandjean, p. 55.

ceived in kind ; and he required to be furnished with an account in detail showing both the items paid and the equivalent in gold florins, according to the rate of exchange of the coins remitted.

The military brotherhoods of the Temple and of the Hospital are met with at the beginning of the twelfth century. A tradition has it that St. Bernard was the author of the rule of the Templars which imposed on members of the order lasting exile from their native land and war without truce against the infidels. The mission of the Hospitallers was also to wage an unrelenting struggle with the enemies of the Christian faith.¹ Both orders became very powerful. In the Latin East they acquired extensive territories, ostensibly as gifts, really by purchase from the barons of the Frankish principalities, who found it impossible to defend their domains against the ever more threatening forces of the Saracens.² In several countries of the West they possessed many estates, for the most part of an agricultural character ; and, besides receiving the revenues from these fiefs, they levied profitable dues. But their wealth was principally derived from their

¹ E. Nys, *Les origines du droit international*, p. 143.

² Rey, *Les colonies franques de Syrie aux XII^e et XIII^e siècles*, p. 116.

financial activity; and in this respect the Templars especially displayed such talents that M. Delisle has gone so far as to write that, "precursors or rivals of Italian companies, they had for a long time in their hands a large part of the capital of Europe."¹

The military orders, and chiefly the order of the Temple, engaged in various financial operations. They received deposits, made advances, conveyed to a distance considerable sums, and paid accounts by means of correspondence, or of transfers in bankers' books.

In the houses of the Templars were stored kings' treasures, precious jewels, and important documents. This was the case for the simple reason that they were in reality fortresses, and safe from violence. They gave generally more security than the churches and monasteries, to which people, especially in war time, bore in all haste their most valuable objects. The order respected its pledges, and confirmed them with the guarantee of religion. Joinville describes the commander of the Temple as shelter-

¹ L. Delisle, "Mémoire sur les opérations financières des Templiers," in the *Mémoires de l'Institut national de France. Académie des Inscriptions et Belles-Lettres*, vol. xxxiii., deuxième partie, p. 1.

ing himself under the oath he had taken to deliver a deposit only to the person that had entrusted it to him.

Commerce knew how to make use of the security offered by the order. From the middle of the thirteenth century some of the London merchants put their funds into the safe-keeping of the house of the Templars.

The consignment to them of moneys was resorted to especially for the purpose of paying pensions. There were many cases of princes' depositing in the treasury of the order an amount large enough to meet for some years the charges connected with pensions.¹

Their transmission of money was easily managed. The Templars' establishments—to confine ourselves to this order—were scattered all over Europe and the Latin East. Matthew Paris estimates at nine thousand the number of manors it held in all Christendom. Communication was rendered the easier from the fact that well-armed companies of the brethren were continually undertaking journeys.

As if the conveyance of large sums of gold and silver were not enough to enrich them, their business relations and system of banking

¹ L. Delisle, work cited, p. 10.

accounts enabled them to effect payments in foreign places.¹ The Holy Wars, which entailed enormous expenses, excited a considerable movement in the financial relations of the East and the West. It may be stated that the Knights Templars were, along with the Hospitallers, the cashiers of the Crusades. They took charge of deposits, and were answerable for them to depositors.²

¹ L. Delisle, work cited, p. 20.

² H. Lavoix, *Monnaies à légendes arabes frappées en Syrie par les croisés*, p. 19.

CHAPTER X

MONEY

HENRY THOMAS BUCKLE has tried to prove that the two great springs of human action are the love of wealth and the love of knowledge. The fact is, no man, however unselfish, cannot but be deeply interested in the gigantic enterprises inspired by the first of these two motive powers. How many steps have been taken from exchange in its simplest form to the commercial transactions of our own time ! To the primitive method of barter succeeded the use of metal in the form of ingots valued according to weight. Such was the case in Egypt, where the usual medium of exchange was, in the interior, copper ; while, in transactions with Asiatics, gold and silver made into rings of a fixed weight were used ; so was it also with other civilisations, especially the Babylonian, which rose to the additional contrivance of a fiduciary representa-

tion of metallic values based on the credit of the merchants—in other words, the pay order.

The idea of guaranteeing the metals used in exchange was carried out first in Asiatic Greece; it was the beginning of coinage. The kings of Lydia, it is supposed, coined the first gold money at Phocæa. Pheidon, king of Argos, coined the first silver money at Ægina. "From the middle of the sixth century B.C.," says Lenormant, "there was not a single country inhabited by Greeks in which they had not their coinage."¹ It may be that the mark guaranteeing the purity and weight of the metals had a religious character. As Curtius says, the temples may well have cradled the currency.²

The Romans had a silver currency about the year 269 B.C., and a gold currency about 207 B.C. When the empire was established Augustus reserved to himself the striking of gold and silver coins, leaving to the Senate that of the bronze.

The currency based on silver succeeded this system, especially among Germanic peoples. In fact, if during the early part of the Middle Ages the barbarians maintained a gold standard, the

¹ François Lenormant, *La monnaie dans l'antiquité*, vol. i. p. 136.

² A. Espinas, *Les origines de la technologie*, pp. 60 et seq.

accession of the Carolingians led to the almost universal adoption of a silver standard.¹

The Byzantine empire, however, kept to the Roman currency, and passed it on to the Arabs and even to western Europe, in so far as the gold *sou*, "sou d'or," *solidus aureus*, was used as money of account among the majority of Germanic peoples.

The reintroduction of gold coinage into the commercial relations of western Europe was very important. It happened in the thirteenth century. Two things were required to bring about this reintroduction. "In the first place, the foreign trade of the Italian republics must have become so extensive as to demand a currency medium of a higher denomination than silver; secondly, that trade must have developed in such directions as to tap gold-using or gold-bearing regions in order to supply the Italian mints."²

The Crusades brought about the union of these conditions. They stirred up in the Italian republics a great business movement; at the same time they placed at their disposal the precious metals. In the Levant a great amount of the gold besants of the Greek emperors and

¹ A. Engel and R. Serrure, *Traité de numismatique du moyen âge*, vol. i. Introduction, p. xxxiii.

² W. A. Shaw, *History of Currency, 1252-1894*, pp. 4 et seq.

of the *dinārs* of the caliphs was in circulation. Gold coins were the real instruments of exchange. Besides its accumulations of the precious metal, the Byzantine empire possessed the only auriferous land of that period.

In the history of money the gold "florin" of Florence deserves special mention. It is generally supposed to date from 1252. A few years earlier the Sicilian Government of Frederick II. had coined the "augustal." The gold florin passed widely into circulation, and several governments copied it, notably that of Henry III. of England in 1257. Venice in turn, which in the Latin East had had the monopoly of coining gold and silver, followed the example, and instituted in 1284 the coinage of the gold *zecchino*. Other countries were induced to use the new monetary medium. It has been further observed that the data we possess on this head are not very precise, and that often the minting of gold was not immediately of any actual commercial importance. One point should be taken into consideration: as Mr. Shaw has truly remarked, "It is only a developed and active or considerable trade that demands so enhanced a medium of exchange."

The starting-point for the system of bimetallism

in Europe is the fourteenth century. For two hundred years the characteristic features of the economic situation may be summed up thus: Period of commercial development, necessitating an increase in the currency and an advance in prices; stationary period in the production of the precious metals, necessitating a struggle between various states for the possession of these metals; incessant fluctuations in the relation between gold and silver, demanding a constant revision of the rates of exchange.

Let us remember what prominence was given in the Middle Ages to the idea that gold and silver were the essence of wealth. A chapter should have been written on the "mystic of gold."¹

¹ In the *Arbre des batailles*, Honoré Bonet, writing of the colours of armorial bearings, says: "We allow the colour of gold to be the noblest in the world. Now, this is the reason: gold of its own nature is bright and shining, and it is so strengthening and full of virtues that the doctors give it as a sovereign remedy to those who are weak even unto death. And so it represents the sun, the which is a very noble body if we consider it in regard to light, for the law says there is nothing more noble than brightness. It is on account of this excellence that just and holy persons are said in the Scriptures to shine as the sun. Likewise on account of this, its high nature, the Son of God, when He was transfigured before His apostles, showed His very noble face shining like the sun. And the ancient laws formerly ordained that no man in the world should wear gold except princes."

There remains another consideration: the researches of the alchemists in the direction of transmutation were at first only means for preparing alloys of a low standard—in other words, for imitating and falsifying the precious metals. Later, the alchemists had come to believe that they could go from imitation to creation, chiefly by the aid of the formulas and practice of magic.¹ This accounts for the

¹ Bertholet, *La chimie du moyen âge*, vol. i. p. 25; *Archaeologia*, vol. xl. p. 338; Gobet, *Les anciens minéralogistes du royaume*, vol. i.; *Recherches historiques*, p. iv. Often in the Middle Ages the kings showed favour to alchemy. It was so with Edward III., Henry VI., and Edward IV. of England. So with certain kings of France, and German and Italian princes. Letters-patent were granted to certain persons, permitting them to employ the means which they discovered "by philosophic art" to change impure metals into pure gold and silver, or to make gold and silver with mercury. In Democritus' *Physica et Mystica*, i. 7 (Bertholet's Collections, vol. i.), it is said that "copper must be employed to obtain silver, silver to obtain gold, gold for shell of gold, 'coquille d'or,' and shell of gold for saffron of gold, 'safran d'or.'"

Ibn Khaldûn, it must be remembered, denies the possibility of transmutation; he quotes the exact words of Ibn Sina (Avicenna). "Divine wisdom has wished the two stones (gold and silver) to be very scarce because they ought to be used to represent the value of what man gains by his labour and all that makes up his riches. Now, if these two metals could be manufactured by an artificial method, they would become so abundant that no one would be interested in seeking for them, and the design of Providence would be frustrated."

Here is a reflection of Ibn Sina's which deserves to be

authorisations, the actual patents given by the kings to alchemists, "even in the interest of the kingdom."

During the whole of this period, from 1300 to 1500, the supply of gold was kept up from two great sources—the trade with the East, and the discoveries on the coasts and in the interior of Africa. The mines of Germany, but chiefly those of Hungary, Transylvania, Saxony, and Bohemia, furnished the silver. Moreover, about 1492 the total of the two metals did not exceed 835,000,000 francs of to-day.

A new period was opened up in the history of European currency after the discovery of the New World. This closed again about 1660. At first the metallic products of America were moderate; but they increased at the beginning of 1520, and about the middle of the sixteenth century the large importation of precious metals resulted, as a consequence, in a diminution of their purchasing power, an unparalleled advance in prices, and a dangerous instability in the monetary system.

repeated: "Nature," he says, "in her workings never quits the shortest way to take the longest and most difficult. Therefore, if the artificial method was satisfactory, as the alchemists declare it to be, Nature would not have renounced it in order to adopt the one she uses to create and form gold and silver."

The peril towards which the new state of things led was diminished chiefly by the fact that the progress of industry necessitated the employment of a greater quantity of specie, and by the other fact that so much more specie was needed in proportion as its value fell through its abundance.¹ There was another remedy for the evil, as far as the silver, of which the output had been considerable, was concerned : the excess or surplus found its way to the East. The flow of silver in that direction was noticeable from the beginning of European trade. On this occasion maritime discoveries displaced the money market of Italy, but the result of them was to extend the radius of action from the centres to which it had been carried. Owing to the many branch agencies, and the increase of colonies established successively by Portugal, the United Provinces, and England, the distribution was carried out without causing too many disasters. One state paid the price of experience. Spain's part in the European system had been to receive metallic wealth ; but producing little and manufacturing still less, that country served only as a channel through which these riches flowed to be distributed to other

¹ Blanqui, *Histoire de l'économie politique en Europe*, 3rd edition, p. 328.

nations, which were themselves either industrial or trading.

The right of coining money is a special prerogative of the sovereign power. It is enough to say that according as this power grew weaker in western Europe usurpations became common. In France the Merovingians had already delegated it, or allowed it to be taken over by counts, bishops, and cities. Nay, more: as one writer declares, the members of the ancient corporation of moneyers, whose signature was the sole official guarantee of the coinage, continued to coin in their own name and to their own profit from a great variety of types.¹ In the seventh century there might be reckoned in France hundreds or perhaps thousands of mints uncontrolled and offering no guarantee. Throughout western Europe the position was analogous: lords, prelates, and municipalities claimed to be absolutely independent in coining matters.

The work of a central power may be guessed. Everywhere it tried to recover the exclusive right of coinage. This principle was brought into effect, but the struggle was a long one. The opinion of the civil writers was that the lords held their right of coinage as a concession

¹ H. Pigeonneau, *Histoire du commerce de la France*, vol. i. p. 82.

from the crown; they connected it even with a still more important one, that of the mines. In the last century, Gobet, summing up governmental theories, shows that the ownership of mines of metallic substance was one of the regalia of the crown, that this was the law of all nations, and that under Charlemagne the first concessions were made to private persons. "In conceding the mines since this time, I find," he adds, "the kings of France and the emperors granted also the right of coining money."¹ In reality, Charlemagne, in his capitulary of 805, had prohibited every mint except the royal one; but his successors had not been able to maintain the sovereign authority, and the movement had continued to develop in a twofold way, through a kind of natural disaggregation and by virtue of special concessions.²

Every other country passed through a similar stage; but in them, as in France, a consolidated government came into force again. In France especially, the rights of the lords were curtailed one by one. In the thirteenth century the crown tried to carry into effect the theory that the

¹ Gobet, work cited, vol. i. pp. ii. et seq.

² P. Viollet, *Histoire des institutions politiques et administratives de la France*, vol. ii. p. 333.

coinage of the lords was current only on their own lands, and that even there the king's coinage might not be excluded, clipped, or melted down. An ordinance of the early fourteenth century claimed the subordination of the exercise of the lords' rights to royal authorisation. Finally, some letters-patent in 1315 published a list of the twenty-nine lords who appear to have retained the right of coining money, and of determining the law, weight, stamp, and value of the different specie.¹ Whatever purpose these letters served, but one policy henceforth followed: the extinction of privilege by repurchase.

In certain countries the struggle between the royal and feudatory coinages assumed a special form. Such was the case in Denmark. There the crown had been forced to make concessions; it reserved to itself the exclusive coinage for North Jutland. In the duchy of Schleswig the right of coining had been granted to the town of Schleswig in return for a duty which was divided between the king and the bishop. The archbishop of Lund, and the bishops of Roskilde and Ribe,

¹ A. Vuitry, *Études sur le régime financier de la France avant la Révolution de 1789*. New series. "Philippe le Bel et ses trois fils, 1285-1328. Les trois premiers Valois, 1328-1380," vol. ii. p. 339.

had a share, more or less important, in the profits from the great mints in their dioceses. The tactics of the crown were to establish private mints under the crown's sole control, or even to coin through its master-moneymen without the knowledge of the episcopal minters, and to put into circulation the royal moneys before the coinage of the bishops could be struck.¹

The differences in coinage soon led to the conclusion of agreements. Three forms were in use, as we have seen: reciprocal admission without exchange, money struck on the same basis and therefore current without exchange, and a common coinage; the latter appears from the beginning of the tenth century.² The agreements turned chiefly on minting at common expense and common profits; the documents bear witness to their double origin. Monetary alliances became important in the fourteenth century. One scheme deserves mention. Edward III., who in 1339 took the title of King of France, made a treaty with the Flemish communes, and agreed that a gold and silver coinage of similar weight and alloy should be made in France, Flanders,

¹ *Mémoires de la société royale des antiquaires du Nord*. Copenhagen, 1886, p. 193.

² A. Engel and R. Serrure, work cited, p. 41.

and Brabant, and should be current in England. The matter was discussed in the English Parliament of 1343. We read: "Of this fine gold one kind of money should be made in England and in Flanders, provided the Flemings be willing, which should be current in both those countries, of such weight and alloy and value as should be appointed by the king and his council; and that all other money of gold should be prohibited in England and in Flanders, and should from that time be brought to the exchanges in both countries as bullion."¹ The same measures were adopted with regard to silver currency.²

Among the many agreements necessitated and produced by the infinite varieties of coinage, the monetary unions between German princes and towns should be noted. In 1386 one union included four electors, and the three cities of Frankfort, Spire, and Worms, and regulated a common coinage of gold florins.

The second half of the fifteenth century was marked by the interesting negotiations between Edward IV., King of England, and Charles the Bold, Duke of Burgundy. A conference was

¹ Ruding, *Annals of the Coinage*, vol. i.

² E. Nys, *Les origines du droit international*, p. 289.

held at Bruges for the purpose of extending as much as possible the circulation of the respective currencies, and for the restriction of exchange. The two princes wished to increase the profits of their mints and facilitate commercial transactions at the same time.¹

The delegates' business was to fix the ratio existing between the English and Flemish monetary systems, to make the circulating value of all coins legally current in both countries equivalent, and finally to find out if it were possible to establish a systematic agreement between the "livres" of account on which in future all bargains, whether concluded in England or in the Netherlands, should be based. The general officers of the mints were to take part in the meetings as consultants.

The conference closed on 23rd August 1469, after elaborating a scheme for a monetary agreement. A uniformity of weight for both countries was adopted, and a table or tariff agreed upon. The English money stood in the relation of one to four to the Flemish—i.e., having four times higher power. No agreement was come to with respect to the establishment of equivalent "livres"

¹ A. de Witte, *Conférence monétaire internationale tenue à Bruges en 1469*. Brussels, 1893.

of account. The Duke of Burgundy proposed the free ingress and egress of his coinage throughout the continental territories and those "ultra mare" of the King of England, as also free ingress and egress for the English coins in countries subject to the duke. But the delegates of Edward IV. preferred to submit this matter to the king and his council. The determination of the quantum of loss in weight, occasioned by use, which would constitute a coin "billon," was by common consent postponed.

Two other monetary agreements were made between the sovereigns of the Netherlands and the kings of England. The first is dated 1499. The text of it has not come down to us, but its existence is indicated in the treaty of 1523.

The monetary situation was vexatious to the Netherlands. The first remedy was to reduce the exaggerated appreciation of national or foreign coinage fixed by former ordinances, and for this purpose a conference of Belgian and English delegates met at Calais. The sterling value of the new coinage issued just about that time by Charles V. was fixed.¹

¹ A. de Witte, "Notes touchant les relations monétaires entre la France et l'Angleterre jusqu'au XVII^e siècle," in the *Revue de droit international et de législation comparée*, vol. xxvi. p. 91.

In 1529 Charles V. attempted a more important step. A resolution of the State Council proves this. It was put in the form of an instruction to Jean Caulier, president of the Privy Council, concerning the sending of negotiators to France. "Item, they shall say to the King of France that, for the common good of the subjects and merchants of France, of England, and of these parts, and in order that the said merchants may so much the better carry on their business, it seems to us it would be well and necessary to reform the disorders in the coinage of the said kingdoms and countries, and to reduce it and cause it to be estimated and struck upon one price and one basis, and that for the doing of this it would be well for the masters of the mints from each country to meet together in some convenient place, and that so soon as it was possible to do." The project, however, was never carried out.

The leading characteristics of the period extending from the beginning of the fourteenth century up to the discovery of the New World have now been sketched, characteristics which repeated themselves almost without variation in the majority of the European states. It must be added that the measures adopted

by these states "partook of the roughness and unscientific character of the age." In such light must be viewed the prohibiting of the export of gold and silver on pain of death, the fixing of the rates of exchange of foreign coins by proclamation, and, these measures proving ineffectual, the crying down of the coins, and the enactment of violent and sudden changes in the uniformity. Such was the commercial policy for attracting to one country the stock of gold possessed by its neighbours.¹

As we have seen, England was specially equipped for attaining this end. Money-changing was one of the royal prerogatives, certain officials having been appointed to prevent the circulation of foreign money, and the export from the realm of English gold or silver in any large quantity. The risks run by the national coinage have been frequently described. Sometimes it came through internal fraud; shameless speculators "clipped" the coins, an offence which was amenable to the penal law: sometimes danger came through foreign merchants, against whom the government had to take precautions. It was often necessary to replenish the currency. To do this the government went so far as to

¹ W. A. Shaw, work cited, p. 16.

decree that every merchant exporting wool or skins should put into the currency of London, within six months, an ounce of gold per sack of wool and per quantity fixed of skins. Such a measure was enacted in 1398. It is true that at the end of some years the House of Commons demanded the repeal of this measure, which kept away foreign merchants. This last point should be noted in passing, as it is connected with the dispensing power of the English crown in the Middle Ages, a power which found its practical justification in the "unwise minuteness of many mediæval statutes."¹

Debasement of the currency—*morbus numericus*, as it was called—was one of the great evils of the Middle Ages. It was felt in most countries, and it was but few governments which had not recourse to it; but the evil did not exist everywhere in its acute form, nor always in the same degree. Certain periods of French history afford striking instances of a disastrous policy.

Up to the reign of Charles VII. "the seigniorage"—i.e., the profits realised on the coining of money—was one of the chief revenues of the

¹ Sir John Fortescue, *The Governance of England*. A revised text edited by Charles Plummer, p. 83, note 3.

French crown. The idea grew that when the necessities of state required it the king could not only increase the "seigniorage" and raise still greater sums on the manufacture of money, but might also impair the coins by diminishing their goodness. To debase the currency became, as it were, a crown right. According to Secousse the crown was inclined to consider the variations in the coinage as a way of raising taxes which was prompter, easier, and less burdensome to the people than any other.¹

The royal example was imitated by the nobility. At the end of the thirteenth century the situation was harassing to such a degree that the towns pledged themselves to pay heavy taxes in order to obtain from their overlords the re-establishment of a good currency.²

In France three methods of debasing the coinage were employed. Through Nicole Oresme we know what they were: "la mutacion de l'appellation," which was a change in the legal denomination, a modification of the legal ratio established between the current value of specie and the value of the "livre" of account; "la mutacion du poids," which was a reduction of

¹ *Ordonnances des rois de France*, vol. iii. Preface, p. ci.

² Ch. V. Langlois, *Le règne de Philippe III le Hardi*, p. 358.

the weight or standard of the specie without diminishing proportionally its current value; "la mutacion de la matière," which was a change in the standard.¹

The government of Philip the Fair was specially given to debasing the currency as a rightful means of relieving the needs of public finance. In 1293 the expedient of bad money was first considered, and the first debasement was in 1295. There is evidence of other debasements in 1312 and 1314. Orders were given to bring into the mint gold and silver plate, out of which money was made inferior to the old coinage both in weight and in standard, the treasury keeping the difference. But, the profit once realised at the subjects' expense, the king began to lose, as his coins came back to him. To counterbalance this, the government cleverly thought of going to work in a contrary direction; instead of depreciating the standard of the coinage, they increased it.²

The end of the reign of Philip de Valois was marked by an attempt of another kind, that

¹ A. Vuitry, *Études sur le régime financier de la France avant la Révolution de 1789*. Nouvelle série, vol. ii. p. 327.

² J. J. Clamageran, *Histoire de l'impôt en France*, vol. i. p. 301.

of attributing to gold and silver a fictitious value. Exchange was reserved for money-changers, "appointed and ordained to do it," and minute regulations were enforced, which money-changers, goldsmiths, brokers, and merchants were sworn to observe.¹

In the middle of the fourteenth century a policy quite as ruinous as that of Philip the Fair prevailed: under John I. the monetary rate was reassessed several times in the year. According to an official document of 1361 the change was sometimes so sudden that "it was with great difficulty a man might know from day to day what coins he should justly disburse."

As we have said, France was not the only sufferer: nearly every country was affected, and the extent of the evil might be measured by the complaints of the people, and the protests and denunciations of the publicists. The chief remedy lay in the limitation of the central power, and in the continual vigilance of the subjects. Some countries exercised it. The Italian republics had, as a rule, an honest

¹ Joseph Noël de Wailly, "Recherches sur le système monétaire de saint-Louis," in the *Mémoires de l'Institut de France. Académie des Inscriptions et Belles-Lettres*, vol. xxi. p. 214.

currency system. England did not suffer too many disastrous experiences. In Holland, at the beginning of the fifteenth century, Jacqueline of Bavaria had to promise not to make any change in the coinage without the consent of the towns of Dort, Leyden, Haarlem, and Delft. It should be remembered that in the declaration of the Union of Utrecht the United Provinces, the offspring of liberty, confirmed the right of the States-General to supervise and guarantee the monetary issue of the federated provinces.

On the subject of money the thirteenth-century writers were satisfied with paraphrasing the theories set forth by Aristotle in his *Nicomachean Ethics* and in the *Politics*. This was so with Albert de Bollstadt, St. Thomas Aquinas, and Egidio Colonna. At the beginning of the fourteenth century, Jean Buridan treats of exchange, money, and interest, in his *Quaestiones in viii. libros Politicorum Aristotelis*. Concerning money, he tries to prove that it is indispensable for the maintenance of human life, basing his argument on the distance of places where desirable objects existed and on the multiplicity of our wants, and showing the part played by an exchangeable medium of small bulk,

easy of transport, and of great value.¹ He tried also to prove that a modification in the currency was lawful only when it tended to public utility.

The condemnation of debasement of the currency was to be pronounced by Nicole Oresme in a celebrated treatise; but the contemporaries of Egidio Colonna and Jean Buridan had already expressed themselves energetically on this point. Among these was Pierre du Bois, who was successively in the service of Philip the Fair and Edward I. In his writings addressed to the King of France he discussed various questions of civil and ecclesiastical law and of politics. Pierre du Bois loudly denounced the debasement of the currency as disastrous, showing how it is ruinous to subjects and fatal to foreign trade.² A member of the king's household, Musciato Guidi, the Italian, who was, as has been said, the financial adviser of Philip the Fair, also demonstrated how detestable such a measure was, and how, while causing more harm to the country

¹ C. Jourdain, *Excursions historiques et philosophiques à travers le moyen âge*. "Mémoire sur les commencements de l'économie politique dans les écoles du moyen âge," p. 442.

² E. Boutaric. "Les idées modernes chez un politique du XIV^e siècle, Pierre du Bois," in the *Revue contemporaine*, deuxième série, vol. xxxviii. p. 432.

than a war, it could be profitable only to the contractors for the manufacture of coin.¹

That the frequent debasements in the currency caused grave anxieties is proved by a series of memorials emanating either from towns or from private persons. All the memorials deplore consequences which had just resulted from the frequent debasements. The writer of one of them, Pierre l'Auvergnat, represents that the lesser folk could rely only upon the produce of their fields, of their vines, and of their bodily labour, and that they did not obtain thereby a higher sum than if they had been paid in good money, while they paid more dearly for everything they were obliged to obtain from outside the kingdom. This latter consequence, quite natural and almost inevitable, comes out in a memorial of Pepe Bonaprise of Florence. Ten towns of the south went so far as to declare that it would be "the work of the Holy Ghost" to get back to the coinage of St. Louis and never after to depart from it.²

The treatise written by Nicole Oresme in the latter part of the fourteenth century went still further than those mentioned. The bishop of Lisieux expresses some just views concerning

¹ C. Jourdain, work cited, p. 438.

² Joseph Noël de Wailly, work cited, p. 212.

coinage. He declares that it should not be debased without serious reasons of public utility, and proves that it does not belong to the prince but to the community, and to the private persons of whom it is the property.¹

The book was first published in Latin under the title, *De origine, natura, jure et mutatione monetarum*, and later was translated by the author himself as *Traictié de l'origine, nature, droit et mutacion des monnoies*. Roscher, according to Wolowski, has described Oresme as the greatest of the scholastic economists, "on account of the exactness and clearness of his ideas, and because he is perfectly free from pseudo-theological systematisation in the aggregate and from pseudo-philosophic deduction in details."²

In his treatise *De regentis et boni principis officiis*, Diomede Caraffa argued against the debasement of the coinage, as did also the Neapolitan jurist, Andreas de Rampinis, in his writing already mentioned.

¹ C. Jourdain, work cited, p. 445.

² *Séances et travaux de l'Académie des sciences morales et politiques, Compte rendu*, vol. lxii. L. Wolowski, "Un grand économiste français au XIV^e siècle," p. 317. "Traictié de la première invention des monnoies de Nicole Oresme. Texte français et latin." "Traité de la monnaie de Copernic. Texte latin et traduction française." Publiés et annotés par L. Wolowski.

Gabriel Biel, in one chapter of his *Collectarium sententiarum*, treats of coinage in general. That it is based upon the work of Nicole Oresme is evident from his use of the same headings and expressions.

At the beginning of the sixteenth century various writings on the currency question appeared in Germany and elsewhere. The two branches of the ducal family of Saxony, descended from Ernest and Albert, possessed silver mines in common; some schemes were suggested concerning the currency. A Nürnberg merchant, Christopher Fuhrer, urged the union of all the German states interested in the production of silver; and some pamphlets published at the instance of the two branches above mentioned created a certain public interest.

At the request of the King of Poland, Sigismond I., Nicolas Copernicus wrote a treatise entitled *Monetae cudendae ratio*, in which he attempted to justify a reform of the currency, and to bring about the repudiation of the false economic policy pursued by the towns of Danzig, Elbing, and Thorn.¹

At the end of the sixteenth century the

¹ G. de Greef, *Essais sur la monnaie, le crédit, et les banques*, Introduction, No. xiv.

problem was brought up again. Two celebrated Italian names may be cited. Gasparo Scaruffi published in 1582 a work, of which the title, *L' Alitinonfo, per far ragione e concordanza d' oro e d' argento*, was afterwards modified into *Discorso sopra la moneta e della vera proporzione tra l' oro e l' argento*. Bernardo Davanzati published in 1588 an important work, *Lezione delle monete*. Pecchio sums up Scaruffi and his book by saying that "as a citizen of Europe he imagined a project of international currency—that is to say, an equal and general reform for all Europe as if there were but one monarchy or one city."¹ To carry out the plan, Scaruffi urged a convocation of a European diet at which all the sovereigns should be represented.

In Germany books were written which are interesting chiefly from an historic point of view. Finally, mention should be made of one publicist, Juan de Mariana. This illustrious member of the Society of Jesus was not only a great historian and a profound thinker, but also showed himself to be on many points a wise economist. In his *De monetae mutatione disputatio* he de-

¹ *Histoire de l'économie politique en Italie, ou abrégé critique des économistes italiens, précédée d'une introduction.* Par le comte Joseph Pecchio, traduit de l'italien par Léonard Gallois, p. 60.

claims strongly against the mischievous administration of Philip III. of Spain, who had issued a new "billon" currency of a much less value than the old one. Mariana insists on the rights of the people in the face of the royal power. He calls to mind the fact that the prince is by no means the master of his subjects, and that he cannot impose taxes without the consent of their representatives. According to him, the coinage should be as stable as the weights and measures, if confusion in business affairs was to be avoided, and he suggests, as remedies for financial difficulties, the reduction of expenditure, the abandonment of military expeditions and of warlike foreign policy, as well as a strict watch over the actions of officials.¹

¹ Pascal Duprat, "Un Jésuite économiste" in the *Journal des économistes*, troisième série, vol. xvii. pp. 85 et seq.

CHAPTER XI

TAXATION—TREASURE—LOANS

“THE fiscal systems of nations,” says an economist, “are handed down to them in the same way as their religions, their languages, and the elements of their sciences. Such systems have been adapted to the surroundings wherein they were required to work.”¹ Let a glance be thrown on ancient civilisations. In the great monarchies that followed one another in the valleys of the Euphrates and the Tigris, the ruling race contributed in the form of voluntary gifts, which were gradually converted into poll-taxes, while the subject population paid tribute in kind or in money, in token of their subjection, and the tithe, which was a concurrent charge for the maintenance of the empire. In ancient Egypt the latter was represented by the land-

¹ E. Fournier de Flaix, *L'impôt dans les diverses civilisations*, première série, vol. i. Introduction, p. iii.

tax. Though the purely Semitic race has ever resisted taxation, Phœnicians and Carthaginians, the "great financiers of ancient civilisation," had to organize ingenious systems of which, unfortunately, history has not preserved a trace. The Persians, especially, kept up the payment of poll-taxes in precious metals as a substitute for the voluntary gift. The fiscal organization of Egypt had a marked influence on that of the Roman empire.¹ Rome in her turn exercised by her fiscal institutions an influence (prolonged through the centuries) as great as she wielded by her development of property in land and the spread of her idea of the right of ownership.²

The problem itself of the lawfulness of taxation was investigated by the writers of the Middle Ages. The majority of them took as a standpoint the patrimonial principle that the prince was morally bound to supply from his own resources the requirements of his administration. They admitted his right to levy taxes only when the revenues of his estates, supplemented by his feudal dues, were insufficient for the needs of the government. It is the moral rather than the

¹ E. Fournier de Flaix, work cited. Première série, vol. i. pp. 5 et seq.

² *Ibid.* p. 148.

economic aspect they regard: in no case were sovereigns considered justified in exacting contributions in order to satisfy their caprices or to enrich themselves.

This was in particular the teaching of St. Thomas Aquinas. If political circumstances are looked into, it is clear that in the fifteenth century the English kings still declared themselves willing to live, as was said, upon their own resources, and to have recourse to taxes only in case of urgent necessity. Edward IV. professed views of this kind in 1467. Sir John Fortescue teaches that the sovereign's revenues should enable him to assist in meeting the charges of the kingdom, and that his estates should as far as possible be rendered inalienable, adding, however, that his subjects, should he fall into distress, owed him help and relief. Connected with this idea were the attempts made in England itself to limit the rights of the crown to dispose of its property. Several statutes of the fifteenth century had no other aim than to annul the gifts and grants of land already made by the kings, and to prevent others. In this way are explained the dissertations of the jurists in other countries respecting the alienability of the property of the treasury and of patrimonial possessions. Andreas

de Rampinis (to recall him in passing) had maintained that the kings of Naples were entitled to sell and grant the crown lands, but put himself in this instance, as he admitted, in opposition to generally received opinion. Need the reader be reminded that even to this day, in English public law, the aggregate of taxation, excepting what is levied to meet local charges, assumes the character of a subsidy granted to the crown? "This is," says Thorold Rogers, "a tradition from the earliest times that the grant to the king was supplementary to the ordinary revenue from the king's estates."¹ In the fifteenth century an Italian writer upholds the legitimacy of taxes, and pleads the security and justice guaranteed by the government. This was Matteo Palmieri, who, in his treatise *Della vita civile*, maintained that the citizen ought to contribute in proportion to the gains he derived from his industry, profession, or property.²

Certain publicists criticised a practice pursued in several countries, that of the ruler's venturing in trade on his own account. The Musulman princes frequently devoted them-

¹ James E. Thorold Rogers, work cited, p. 118.

² G. Ricca-Salerno, *Storia delle dottrine finanziere in Italia*, pp. 37 et seq.

selves to it, and it has been shown how Ibn Khaldûn censured such a financial expedient. Diomede Caraffa in his turn raised his voice against the policy of the Neapolitan kings, pointing out that it was contrary both to the dignity and to the real interests of the sovereign ; and calling it to mind that the wealth of his subjects is the foundation of the ruler's, and that the business undertakings he engaged in were necessarily injurious to the trade of his people. So late as the beginning of the seventeenth century Tommaso Campanella based on the trade in the hands of the government the financial scheme he drew up for the kingdom of Naples. In treating of Mediæval England, Thorold Rogers remarks that the king cultivated his estates, just as the nobles did, by his bailiffs, and that thus, being engaged in the production of wool and grain, and the rearing of cattle, he was, as much as his subjects, interested in the maintenance of peace. In several countries the government reserved to itself the monopoly of many commodities. This was the case in the kingdom of Sicily under Frederick II., in regard to the sale of salt, iron, steel, and silk. Monopoly was so regulated as not to hinder the growth of manufactures, implements of war excepted,

such as *ballistae* and *equi ad arma*, which were reckoned among things excluded from private trade. The kings of Scotland dispatched vessels to the Low Countries to sell there the wools and skins produced by their flocks and herds. The King of Portugal kept an agent first at Bruges, afterwards at Antwerp, for the sale of spices from the East Indies.

The accumulation of treasure was often suggested and recommended. Diomede Caraffa came forward as a decided partisan of such a measure. About the same period, the author of the *Instruction of a Young Prince*, who, it appears, was Ghillebert de Lannoy, advocated the idea, and laid down the method of carrying it out. According to him, there were two ways of getting treasure. "The one," he says, "is to act by rule, by good order, and by proper thrift; to turn to account such property as mills, ponds, rivers, harbours, dykes, and the like, without doing harm to any man; and above all things to shun entry into war unless by the advice of the estates of the realm, war being a gulf which destroys and eats up all resources." The second method was reprehensible, consisting, especially, in taxation and the "worsening" of the coinage. The writer argues against it, and, referring to

Holy Writ, declares that "punishment shall fall on the descendants of the bad prince even unto the third generation."¹

In the sixteenth century Saba da Castiglione in his *Ricordi* highly commends the laying up of a treasure which may admit of a war's being undertaken without the necessity of exacting supplies by harsh and violent measures. Scipione Ammirato expounds the same idea in his *Discorsi sopra Cornelio Tacito*, and extols especially the notion of accumulating the produce of fines, confiscations, and vacant successions. Lelio Zecchi in his *Politica* is of the same opinion. The maxim *Pecunia nervus belli* was held in high esteem. It was the fashion, in Italy especially, to emphasise the importance to princes of wealth, and to repeat the words of Giacomo Trivulzio, in answer to the question of Francis I., as to what was necessary for carrying on war in Italy: "Money, money, money" (*Denaro, denaro, e denaro*). Machiavelli, an advocate of a long service militia, and an opponent of the employment of mercenaries, was almost alone in the view expressed in his *Discorsi sopra la prima deca di Tito Livio*, where he combated the general opinion, and

¹ *Œuvres de Ghillebert de Lannoy, voyageur, diplomate, et moraliste. Recueillies et publiées par C. Potvin, p. 394.*

declared that good soldiers help to find gold, but that gold does not produce good soldiers.

To lay up treasure was the great object of Musulman rulers and ministers. The *Siyâsat-nâmah*, a treatise on government, was composed in the eleventh century by Abû Ali Hasan (Nizâm-ul-Mulk), for thirty years the prime minister of the Seljuk Sultan Alp Arslân, and of his son Malak Shâh, whose empire reached from the shores of the Mediterranean to the banks of the Sihon. The book deals with finance, and it appears from it that the kings had two treasures, of which the one was to remain untouched, while the other defrayed the necessary expenses of administration. The greater portion of the revenues was added to the first, nothing being deducted from the amount accumulated except by way of a loan to be as soon as possible made good. In his *Historical Prolegomena* Ibn Khaldûn cites complacently the historians of Spain, and the narratives of the Arab writers, concerning the fabulous riches garnered by some of the great Musulman sovereigns.

If examples are taken from Europe itself it may be remarked that in 1488 there were in the Royal Treasury of Scotland ten chains of gold, of which several were worth more

than 1500 pounds, which in times of distress served for striking coins. Some princes tried every means to form collections of precious stones and jewels, which were extremely serviceable, insomuch as they could be used as pledges to be made over to distrustful creditors. Instances of such arrangements abound. To take them only from England, it is clear that during the fifteenth century the crown jewels were frequently pledged when it was a question how to provide for the charges of the wars in France. The crown itself was delivered into the hands of creditors, from whom it had to be obtained on the occasion of the coronation of Henry VI. as King of France. It has been shown that the publicists of the Renaissance never failed to urge on princes the laying up of treasure. Some of them followed the advice, as, for instance, Galeazzo Maria Sforza, Duke of Milan, Henry VII. of England, and Pope Julius II. Their foresight and political genius were extolled; but such economists and treasure-makers were exceptions to the rule.

The record of the loans contracted by princes and governments, while the idea of credit was growing up, is of some use in the study of the financial system, that took no long time

in developing, in which national solidarity comes into view—a system which finds its best expression in the United Provinces in the early part of the seventeenth century.

The forced loan was introduced into Venice about the end of the twelfth century, the first known instance of its use dating from 1171. The odious measures taken by the Greek Emperor in regard to Venetians dwelling in Constantinople and Romania induced the Republic to make preparations for war. A forced loan was decreed, and inspectors were appointed to collect sums in proportion to income. The state paid interest at 4 per cent every six months. The chamber of loans, *camera degli imprestiti*, was instituted to bank the money and pay the interest. The scrip delivered to creditors could be negotiated, and repayment was effected by periodical redemption.¹

Frederick II. frequently resorted to loans as an extraordinary expedient. Exact details exist to show that in the short period from Sept. 1239 to March 1240 he borrowed to the amount of nearly 25,000 ounces of gold, representing an intrinsic value of more than a million and a half of francs. This sum allows a notion to be formed of the

¹ J. Armingaud, "Venise et le Bas Empire," in the *Archives des missions scientifiques*, deuxième série, vol. iv. p. 398.

considerable total his loans reached in the latter years of his reign, when violent struggles raged between the Emperor and the Pope. It was at this time that, in less than seven years, Innocent IV. spent 200,000 silver marks, obtained for the most part by burdensome methods.

St. Louis contracted various loans for the purpose of his expeditions against the infidels. On certain occasions he sent into some town of the East, and to Acre more particularly, an authority to borrow in his name. The grandmasters of the military orders of the Temple and the Hospital were commissioned to find money-lenders, and it was at Paris that the repayment was effected of the sums borrowed on royal authority on the presentation at the same time of the letters of authorisation, or authentic copies thereof, and of the receipt delivered by the patriarch of Jerusalem and by the grandmasters. Loans were likewise contracted with the associations of Italian merchants, and an ordinance of 1270 decreed a loan of 100,000 "livres tournois" for the Crusade that culminated in the disaster of Tunis.¹

¹ G. Servois, "Emprunts de saint Louis en Palestine et en Afrique," in the *Bibliothèque de l'École des chartes*, quatrième série, vol. iv. pp. 117 et seq.

What added to the burden of every loan was that the contract used to be made for a very limited term. Even at the time of the great financial operations the length of term was a few months at most, and to renew a loan was costly.

It should also be borne in mind that for a long while interest was carefully concealed, the contracting parties being desirous to escape from all reproach of usury. Sometimes, as we have said, interest was reckoned in with the capital supplied; sometimes an engagement was made to pay the expense that would accrue from the delay until the debt fell due. When interest was allowed for, it was expressly added that it was conceded out of generosity and good feeling.

In France it appears that some attempts were made to enlist the goodwill of the country in behalf of the loans in order to base the credit of the government on the solidarity of governors and governed. Timid appeals were made towards the end of the thirteenth century, in the reign of Philip "le Hardi." Promises and subscriptions were collected, but thirty-five years later some of the loans were not yet repaid. These first steps were taken on the king's estates. Such loans to the crown were effected among the

great vassals also, and then in the Flemish towns.¹

Philip the Fair borrowed from the Italian merchants and from his subjects. In certain portions of his estates, it appears, he chose some men of good repute to make, under oath, an estimate of the wealth of their fellow-citizens, and fix the amounts up to which they could be taxed.²

Towards the middle of the fourteenth century French subjects tried to safeguard themselves. From 1350 to 1358 the charters of some of the towns contain a clause that the king was not to compel their inhabitants to make him loans.³

For the rest, the government displayed but little exactitude in fulfilling its engagements, the result being what might be expected—lenders became distrustful, and exacted guarantees and securities. "It is almost incredible," says a writer on the subject, "if there were not official testimony. In July 1371, in order to induce some merchants of Avignon to lend the king

¹ C. V. Langlois, *Le règne de Philippe III le Hardi*, ch. v.

² E. Boutaric, *La France sous Philippe le Bel*, p. 297.

³ A. Vuitry, *Études sur le régime financier de la France avant la Revolution de 1789*. Nouvelle série. "Philippe le Bel et ses trois fils, 1285-1328." "Les trois premiers Valois, 1328-1380," vol. ii. p. 113.

100,000 livres, it was necessary that some princes of the blood, high personages of the court, counsellors, and royal officers, and also some burgesses of Paris, to the number in all of twenty-two, should bind themselves to the lenders for repayment of the sum lent."¹

At times the heir to the crown contracted engagements at the same time as the sovereign. The difficulty was to avoid all disputes. Even in the eighteenth century jurists were by no means agreed on the question whether a prince was liable for the debts of his predecessor.

The kings of England were constantly struggling with their financial embarrassments. They had recourse to *benevolences*, exacted from English merchants and from foreigners established in England. They gave all the securities required of them. Edward III. granted to the Florentine firm, the Bardi, all the customs of the kingdom for a whole year on the occasion when they undertook to find him every month 1000 marks. In the upshot the kings shamelessly broke faith as to the payment of their debts, and it has been shown how Edward III. acted in regard to the Peruzzi. The *benevolences* appear again under Henry V. in the guise of voluntary gifts, it

¹ A. Vuitry, work cited, vol. ii. p. 215.

being declared in the statutes that they might not be "exacted." In the time of Henry VIII. the imposition was concealed under the specious formula of "amiable grant."¹ With Edward VI. a new method came into vogue, and the government contracted its loans on the continent, especially in Antwerp. The lenders required the guarantee of the Privy Council and of the city of London, occasionally also that of the company of Merchant Adventurers.

The towns furnished very sure securities, and on this account their mayors and burgesses frequently became bondsmen for the ruler, renouncing all their rights and privileges, and becoming pledged to fulfil far-reaching obligations. It must be borne in mind that the towns formed corporations for the liabilities of which the members were answerable in person and property. The terms of the guarantee acceded to by the city of London indicate the extent of responsibility assumed: the mayor and commonalty of the city bound themselves jointly and severally, and pledged their persons, possessions, present and future property, movables and immovables, and agreed beforehand

¹ Sir John Sinclair, *The History of the Public Revenue of the British Empire*, London, 1785, vol. ii. p. 34.

to refrain from appealing to any plea or privilege whatever. This was by no means a mere formula. So late as 1612 the Republic of Genoa arrested a citizen of London, in virtue of a guarantee by the corporation of a heavy debt of the crown owing to a Genoese.¹ The English kings frequently had recourse to the city of London. In the time of James I. it was the ordinary practice, the security required by the city being sometimes the receipts from the customs, sometimes the *carrick goods*, otherwise the booty taken from the caracks of Spain and Portugal. The crown offered as security its share in the prizes taken by the English privateers, who organized their expeditions as genuine commercial undertakings, collecting the necessary capital and distributing the dividends, after deduction of what maritime law set aside as due to the crown. Charles I. resorted to shameless measures. In July 1640, in the midst of the difficulties created chiefly by his campaign on the Scotch border, finding his credit all gone, he had seized all the gold and silver ingots which foreign merchants had

¹ R. Ehrenberg, *Das Zeitalter der Fugger, Geldkapital und Creditverkehr im 16. Jahrhundert*, vol. i. "Die Geldmächte des 16. Jahrhunderts," p. 19.

sent to the Tower for conversion into coin. Ultimately he restored two-thirds of it, and retained the rest under the name of a loan.

One of the forms assumed by the loan was that of the annuity, sometimes for life, sometimes perpetual. Administrations and governments pledged themselves to pay it in return for the advance of a fixed sum. The arrangement is found in existence at an early date, and, at the beginning of the fifteenth century, the Holy See admitted, with certain provisos, its legitimacy. In the Low Countries, annuities were quite customary, and were resorted to by the estates of the provinces, and the authorities of the towns. In Castile the annuity loans were based on assigned portions of the revenues, and not on those of the entire country. They constituted a regular portion of the financial system, and the transfer of them was an ordinary matter of business. In France, from 1522, government loans took the form of perpetual annuities, payable at the Hôtel de Ville of Paris. The burgesses of other cities, such as Orleans, Troyes, Toulouse, and Rouen, also undertook the charge of supplying the king with money. When the state wished to obtain such loans, it proposed to the municipal authorities to allow

them an annuity in return for a fixed amount of capital, and pledged to them the revenues and the produce of certain feudal dues, excise, and other imposts. The town agreed, on condition that annuities were granted to those who paid in the whole or part of the amount, generally at the rate of 100 livres of annuity per 1200 livres supplied in ready money.¹

An experiment, worthy of mention, was attempted by the States-General of 1558 with the object of contracting a loan of 3,000,000 gold crowns. The Cardinal of Sens informed the deputies of the towns that, in order to avoid burdening the people with a heavy charge, the king desired "to find three thousand persons in the realm to lend him each a thousand crowns." The clergy having offered to produce a thousand from among themselves, the question was to find two thousand persons willing to furnish two millions. The terms stated were "au denier douze"—that is to say, $8\frac{1}{3}$ per cent. The king further promised to lighten the feudal subsidies and to abolish certain taxes. The proposition did not meet with a favourable reception, and the deputies showed that they were embarrassed.

¹ Vührer, *Histoire de la dette publique en France*, vol. i. p. 19.

Ultimately a different solution was arrived at in the Privy Council, and it was decided that the deputies should be exempted from making out lists of persons by name, but that each town should be required to supply a certain amount, and remain free as to the method of sharing the charge.¹

Italy had devised the simple plan of forming a "monte." This was the name of funds massed together for the purpose of making loans. The institution was already in operation in the thirteenth and fourteenth centuries. In order that the lender might safely escape the charge of usury, it was stipulated that the interest was paid as a matter of grace, and accepted as mere liberality. It was much resorted to. Papal Rome in particular created many "monti," of which the "luoghi," or shares, were greatly sought after. The interest was high, but the authorities made a reduction in it; towards this the redeemability helped. The rate was brought down successively from 10 to 4 per cent, and finally to what was really not more than 3 per cent.

It is unnecessary to say that the cost of raising public loans was often heavy. The term was usually a short one; if reckoned *per annum* the interest would have frequently

¹ G. Picot, *Histoire des États Généraux*, vol. ii. p. 5.

reached 25 or 30 per cent, or even more. In the middle of the sixteenth century an agent of the English Government, William Dansell, contracted in Antwerp loans at 13 and at 14 per cent, and comforted himself with the reflection that Charles V. was paying his own subjects 15 per cent. Interest at 12 per cent became the normal rate. In the reign of Elizabeth, Sir Thomas Gresham, who showed himself very exact in meeting his obligations, obtained money in Antwerp at the rate of 10 per cent.

A further consideration not to be lost sight of was that, in general, governments did not keep faith. They were nearly all engaged in unlucky wars that swallowed up loan after loan. One writer tells us that in France bankruptcy was, so to say, the chronic condition. "Those periods," he says, "are described as exceptional when it occurred on a vast scale—viz., 1648, 1716, 1720, and 1770. Yet the word might equally well be used of the periods when payments were made in regular course. The usual state of things was a more or less prolonged suspension of payments, and the more or less considerable reduction of the service of the debt."¹ This was but the repe-

¹ J. J. Clamageran, *Histoire de l'impôt en France*, vol. i. p. lxxxv.

tition of the financial crises that had succeeded one another during the whole of the sixteenth century.

Other countries were nowise more fortunate, except England, of which the financial position was restored under Elizabeth, and the United Provinces, where the men at the head of affairs brought into public life the punctuality and fair dealing of the honest merchant. Catastrophes were, therefore, not long in coming. They occurred in Spain during the reign of Philip II., when the government failed to keep its engagements. They happened in Portugal also.

The government of Philip II. repudiated its debts on three occasions. On the first occasion, in 1556, the creditors of the state received only from 10 to 14 per cent of their due. The administration began by annulling every lien in respect to guarantees of loans on the revenues of the state, and offered to supply an annuity of 5 per cent per annum. Twenty years later a worse crisis declared itself. A second time the government refused to pay what it owed, and resorted to the most arbitrary measures, even issuing an attachment on the gold and silver coming from the Indies, gold and silver on the security of which banking houses had lent.

For the third time Philip II. became bankrupt in 1595. Portugal showed herself as little trustworthy. This happened in 1557, before her union with Spain. A piquant detail is not lacking in this case. When the King of Portugal reduced his payments, he appealed to conscientious scruples and the exhortations of the theologians who reproached him as guilty of usury if he should pay interest higher than 5 per cent.

CHAPTER XII

THE INSTITUTIONS OF COMMERCIAL LAW—THE BILL OF EXCHANGE AND THE COMMENDA

MEDIÆVAL Italy has in a large measure contributed to the establishment and improvement of certain juridical institutions. She adopted several forms of corporate bodies; multiplied maritime contracts; placed insurances on practical bases—ceasing to employ them as stipulations accessory to other contracts; created the bill of exchange; took fresh steps and surrounded commercial transactions with guarantees and penalties; and, in an age when the usual mode of proceeding against a debtor was the isolated and independent seizure of his goods by each creditor, a method of Germanic origin, she turned to the Roman idea of bankruptcy based on the primitive notion that a debtor is liable strictly in his person.¹ In all these respects

¹ E. Thaller, *Des faillites en droit comparé*, vol. i. p. 56.

her trading spirit was assisted by her juridical genius. It should even be observed that, for the most part, the great interpreters of commercial law, the jurisconsults capable of treating at the same time its principles and issues, its progressive steps and methods to be ultimately pursued, have been Italians or Jews.

The close examination of these various subjects would extend beyond the sphere of the studies proper to political economy. Nevertheless, it is not without interest to show how that important instrument, the bill of exchange, has grown, and how a useful form of trade society spread even beyond Italy.

Already in the civilisation revealed by the Assyrian documents of the ninth to the seventh century B.C., some methods of the fiduciary representation of metallic values were being developed, and in particular the order drawn in one place for payment in another.¹ A noted writer has shown, on the other hand, how in the relations maintained all over the empire by the *publicani*, the bankers of the Roman world, there existed a certain means of effecting the pay-

¹ François Lenormant, *Histoire ancienne de l'Orient jusqu'aux guerres médiques*, continuée par Ernest Babelon, vol. v. p. 115.

ment of money abroad.¹ The bill of exchange, however, appeared only at the epoch of the great commercial movement which arose in Mediæval Italy. Its origin, apparently, is to be looked for in the practice of the Florentine merchants; at any rate, the argument that attributed the invention to the Genoese has been given up. The first known documents date from the twelfth century, and the obligation is found under various forms—the bill payable to order, and the promissory note; the ordinary bill drawn in the money of the country where it is payable, and the bill payable in another country at the rate current when due; the bill payable in a place specified, or where cargo was discharged; the bill to mature at date fixed, or after sight.

As has been said, the exchange contract in its primitive form, the *contractus permutacionis* or *cambii*, was that by which a trader about to go on a journey borrowed in specie of the country he was leaving a sum repayable in the country of his destination.² The exact date of such a transaction cannot be fixed. The matter is the more

¹ R. von Jhering, *L'esprit du droit romain dans les différentes phases de son développement*. Traduit par O. de Meulenaere, vol. iv. p. 212.

² L. Blancard, "Note sur la lettre de change à Marseille," in the *Bibliothèque de l'École des chartes*, vol. xxxix. p. 10.

open to doubt inasmuch as an objection arises on reading the first texts, and one asks the question whether the documents in hand are not merely extracts from commercial books.

In the documents of oldest date the title contains an acknowledgment of the receipt of a sum, and of the obligation to restore it at an appointed term ; but the characteristic feature of the transaction consists in its extending from one place to another. In 1157 mention occurs at Genoa of a transaction resulting in a promise of payment in Tunis.¹ There exists a bill of exchange of 1200, according to which a promise was made at Messina to pay, one month after the arrival of the borrowers' vessel in Marseilles or some other Provençal port, an amount received on loan.² Other traces have been successively found, and to 1207 is ascribed the bill of exchange so often referred to since the publication of Canale's work on the history of Genoa.

The bill of exchange was already in frequent

¹ Biener, *Abhandlungen aus dem Gebiete der Rechtsgeschichte*, No. II., "Historische Erörterungen, über den Ursprung und den Begriff des Wechsels," pp. 60 et seq.

² L. Blancard, *Documents inédits sur le commerce de Marseille au moyen âge édités intégralement ou analysés*, vol. i. Introduction, p. xix.

use in the middle of the thirteenth century, but at this time its form was that of a document certified before a notary. At the end of the fourteenth century, however, it approached the form now in use. It should be added that the bill of exchange was drawn only by the money-changers and the bankers that had branches or agents. The protest continued for a long while to be effected in the presence of a notary. In London it was often lodged only after inquiry made on the doorstep of the shop of one of the many scriveners, or public clerks, a kind of solicitors, that dwelt in Lombard Street. The object of the questions put was to find out if any one offered himself to take up the obligation and pay the bill.

The bill of exchange was invented by the necessities of daily affairs, and by professional experience it was developed quite apart from any intervention of public authority, and round it grew up a customary law to meet all the exigencies of its use. The influence of the jurists over its growth originally was lacking, but presently exchange, with its complicated operations, raised many delicate problems in which at every moment the question of usury came to the surface. It was in this connection

that the jurists, and the theologians in particular, took up the subject, studied, and discussed it. Thus a theory on the contract of exchange appears in the *Summa artis notariae* of Rolandinus, in the *Speculum juris* of Durandus, and in the *Consilia* of Baldus. Among the theologians we have to recall the name, already mentioned, of Tommaso da Vio; and among the writers on jurisprudence more especially treating of commercial law, Benvenuto Stracca, Sigismondo Scaccia, and Raffaello de Turri must be prominently singled out.

The legislator in his turn has busied himself with the bill of exchange. Nevertheless, so late as the middle of the sixteenth century his interference was limited to the approval of the regulations made by the bankers themselves; as appears, for instance, from the ordinance of Bologna of 1569, confirmed by Pope Pius V. In the seventeenth century legislative documents became more plentiful. Yet what happened in the case of the bill of exchange was what had happened with other institutions; while the legislator meant only to regulate, he destroyed some of the beneficent action of custom, and impaired its general usefulness. Thanks to custom, the bill of exchange was assuming,

towards the end of the Middle Ages, a quasi-universal character; and when, in the sixteenth century, special legislation followed closely on special legislation, the result was the disappearance of one of the prime conditions of the bill of exchange—facility of circulation. A so-called anarchy was followed by excessive regulation injurious to trade, and to repair the mischief it was necessary to wait for the impulse of the nineteenth century towards legislative uniformity.

The *commenda* implied generally a commission given by a trader in a country to a commercial traveller leaving it to take charge, at the owner's risk, of certain goods, and to dispose of them to the best advantage in a foreign country in return for a consideration agreed upon beforehand.¹ This method of business at first became usual in most of the Christian countries on the coast of the Mediterranean, and was in particular adopted in the Latin East and in Spain, and spread before long into other countries. The circle of its operation grew wider, and, as commerce increased, the *commenda* became one of the most general forms of

¹ L. Blancard, work cited, in the *Bibliothèque de l'École des chartes*, vol. xxxix. p. 110.

association. In the fifteenth century it was all but universal, a circumstance again to be explained by the necessity of avoiding the prohibitions against lending on interest. Positive law protected the *commenda*, and already at the outset of the fourteenth century an ordinance of Louis X. of France distinctly asserted the legitimacy of such a transaction.

The *commenda* was of Arabic origin. It was existing in the time of Mohammed, and it became the mainspring of Musulman trade. It was spread throughout vast Asiatic and African regions long before the Christian merchant learned to profit by the considerable facilities it offered for commercial enterprise. In view of the strict provisions of the Musulman law touching loans on interest, it easily becomes intelligible that recourse was had to the *commenda*, and it is only natural that the latter, under the designations of *karad* and *modhârabah*, should form the object of the studies of the jurisconsults.¹ The most important Hanifite commentary, the *Hidâyah*, also justifies the *commenda* by appealing to the supreme law of necessity. "There are," it says, "many people

¹ J. Kohler, *Die Commenda im Islamitischen Rechte, Ein Beitrag zur Geschichte des Handelsrechts*, p. 5.

that possess goods but cannot turn them to account, whereas others that know how to employ them possess nothing. It is, therefore, necessary to sanction this contract to the end that the interests of the rich and of the poor, of those that are clever and those that are not, may be reconciled."

CHAPTER XIII

THE BEGINNINGS OF THE MODERN AGE

IN the economic development of Europe the sixteenth and the first half of the seventeenth century formed an important era, not less on account of the transformations which were in operation on the continent itself, than of the remarkable expansion which came about in the direction of America and further Asia.

In Europe, however, progress was neither so speedy nor so complete as geographical discovery seemed to indicate. The impulse which the enormous extension of the field of activity was to impart to trade and industry was arrested, and in most countries brought to nought. If some of them, as, for instance, the United Provinces, triumphed over every obstacle, and by her commerce grew prosperous, most of the others struggled painfully against material and financial difficulties. It was the eighteenth

century that opened in reality the great mercantile and industrial epoch. Here England led the way. Within her borders indications of a new state of things were already becoming visible from the date of the Revolution of 1688, a revolution which, from one point of view, may be regarded as a victory of the commercial over the landed interests. In the latter half of the eighteenth century, and in that country, began the process of the application to industry of inventions destined to transform modern labour.

If at the outset radical changes did not mark the period of geographical discovery, the explanation is evidently to be found in the political and religious state of Europe, in the bloody contests that devastated the continent, and in the fierce dissensions which nearly everywhere induced lamentable disasters. The ambition of princes, fanaticism, class hatred, all seemed to combine to add to the accumulation of misfortunes. Christianity and western civilisation were threatened by the Turkish peril; even at the end of the seventeenth century the armies of the sultans advanced as far as the walls of Vienna. The Mediterranean was in the power of the pirates, and the greater part of its shores

was subject to the Musulman yoke. Strictly speaking, we may say that neither the north nor the east of the continent had yet taken its place in the political and commercial system.

Thus was impaired the beneficial influence which was to spring from the discovery of the sea route to Asia, the opening up of easy access to the rich regions of the East, and the memorable expedition of Columbus, which restored to men an indispensable influence, endowing them, as has been so well said, with an abundance of force and an equilibrium of activity that had until that time been lacking.¹ Portugal exercised dominion over vast territories through a long chain of factories and fortresses. Spain made subject to her power wide-stretching lands. Then began the contest for the possession of the regions beyond the limits of Europe, a contest in which the chief share was taken by France, Holland, and England. The supremacy of Europe was thus in the end asserted, and the globe subjected to its activities; the problems of economics thenceforth included in their data the whole world.

¹ J. Duval, *Des rapports entre la géographie et l'économie politique*, p. 5.

From the outset of the sixteenth century the publicists that took up economic questions began to specialise the object of their studies. Their characteristic is to range themselves according to nationality, or rather, as has been already noted, according to the forms of governments of which they became the interpreters or critics. The general direction of the policy of states in their commercial relations with others may be denoted by the generic term "mercantilism." The same tendency prevailed everywhere, but its applications somewhat differed.

If one country after another be passed in review, it is remarkable how specially rich is Italy in writers that deal with financial and commercial subjects. In that country many obstinate problems came up, so much so that one writer has been led to make the striking remark that in Italy the most ill-governed states, Naples and the Milanese, produced the greatest number of distinguished economists. Extreme misery suggested inquiry into its causes and instigated the search for remedies. In that Italian sixteenth century, so destructive from the material standpoint, Bernardo Davanzati went so far as to say that the disorder of the monetary system was such that during the pre-

ceding sixty years it had made away with a third of the public wealth. In such conditions it was only natural that the currency problem should be deeply probed.

From a general view of the literature of the subject some points become clear. The idea itself of economic science had not yet grown distinct. A precise and sharp conception of it was still to seek, and it remained undefined. Yet many economists are found among writers on 'constitutional law.'¹ In regard to some fundamental questions of organization considerable divergencies are shown. Scipione Ammirato deduces from the civil law the origin of property, whereas Trajano Boccalini bases on property the laws of all governments. In this connection mention is due to the bold argument of the illustrious Marco Girolamo Vida, bishop of Alba, the author of the *Christias*. In the first dialogue, *De dignitate reipublicae*, he extols the human state prior to the formation of political society, puts forward the view that the "civil aggregate" is the occasion of the greatest ills,

¹ C. Supino, "La scienza economica in Italia della seconda metà del secolo XVI alla prima del XVII," in the *Memorie della Reale Accademia delle scienze di Torino*, second series, vol. xxxix. Part II. pp. 153 et seq.

and preaches the abolition of all government.¹ "The laws," he writes, "constrain men to live according to the will and pleasure of others. They take away from him his innate liberty, and with it destroy the joy of life." "Look," he adds, "into man's conscience, and you will find the natural law. Since all the regulations came into force the state has no longer been swayed by justice. The ancients declared that there was no governing a city without supreme injustice; the state truly is either in the hands of some that pursue their private interest, or else in those of one man who imposes the weight of slavery on others."

The nature of wealth was discussed. Already the idea was giving way that prevailed so long in the Middle Ages. Nicolo Vito de Gozze regards as wealth only the things which at all times, and immediately, meet necessities. Paolo Paruta teaches that gold and silver serve merely as the means of acquiring what is necessary to life.

The division of labour was extolled. Tommaso Campanella sees in it the means of utilising all

¹ Ferdinando Cavalli, "La scienza politica in Italia," in the *Memorie dell' Istituto Veneto di scienze, lettere ed arti*, vol. xiii. p. 261.

forces. His theorising took count of the different nations, the rôles of which he distributed in conformity with their geographical position.

Though trade was not always viewed with equal favour, some writers took it up, in order to set clearly forth its civilising mission. At this time was laid down the threefold aspect of human activity—agriculture, the mechanical arts, and commerce. Trajano Boccalini wrote that agriculture and trade were the breasts from which states were fed. Very probably this maxim suggested to Sully the saying that “tillage and grazing are the twin breasts by which France is nourished.”

Discussion, too, was opened on the industrial question. Machiavelli had emphasised the view that manufactures and agricultural industry are of equal importance. While he praised agriculture, Giovanni Botero gave the higher place to manufactures, inasmuch as the products created by man's genius are more plentiful and more valuable than those of nature. Antonio Serra in his turn pronounced in favour of industry and extolled the international commerce which it sustains. These literary theorisings, moreover, were able to gain support from governmental practice. Certain Italian states took many

steps in order to protect and encourage husbandry, as was done in the grand duchy of Tuscany. Others, like Savoy, aimed especially at developing the mechanical arts, and where occasion required used every means in their power to attract workmen from foreign countries.

The conception of price was studied by Sabba da Castiglione, who, in his *Ricordi*, composed in 1544, laid down the principle that when prices were left to move freely plenty followed and cheapness along with it, while the determination of prices by authority resulted inevitably in dearth and the lack of necessities.

The theory of population was not forgotten. Giovanni Botero states the problem, and brings into comparison the generative power of man and the sustaining capacities of the city.

It has been called to mind that in the period under consideration certain economists came from among writers on the laws of states. It is permissible, as well, to name here a few authors whom political science claims more particularly, yet who have touched on various economic questions. Such were Nicholas Machiavelli, Agostino Nifo, Sabba da Castiglione, and Francesco Guicciardini. Towards the middle of the sixteenth century two writers especially

seem to have turned their attention to internal economics — Paolo Caggio, who published his *Iconomica* in 1552, and Silvano Razzi, who in 1568 wrote a work entitled *Della economica cristiana e civile*.

While enumerating the Italian economists, properly so called, mention should be made of Giovanni Francesco Lottini, whose *Arvedimenti civili* were edited in 1575 by Girolamo Lottini, and Felix Figliucci, whose book entitled *De la politica, ovvero scienza civile, secondo la dottrina d' Aristotile*, dates from 1583. The works have already been quoted of Gasparo Scaruffi and Bernardo Davanzati, who dealt more particularly with the currency question. Scaruffi, as has been stated, advocated the advantages of the establishment of an international coinage, of "one single imperial currency," proposing that the ratio of gold to silver should be one to twelve, and recommending the adoption of his reforms as the remedy for disorders of the currency.¹ Davanzati, the celebrated translator

¹ The full title of his work deserves to be given: *L' Alitnonfi di M. Gasparo Scaruffi Regiano per far ragione et concordanza d' oro e d' argento; che servirà in universale tanto per provvedere a gli infiniti abusi del tosare et guastare monete; quanto per regolare ogni sorte di pagamenti et ridurre anco tutto il mondo*

of Tacitus, who, according to one writer's expression, gave to Italian prose the strength and energy that Dante had been able to impart to Italian poetry, published, besides, his work, *Lezione sopra le monete*, a review of exchange, the terms of commerce, and the working of its mechanism.¹ Nicolo Vito de Gozze, who also has been previously mentioned, belonged to a distinguished family of Ragusa. In his work, brought out in 1591, *Dello stato delle repubbliche secondo la mente di Aristotele con essempli moderne giornate otto*, he describes "the science of obtaining necessities," as constituting the administrative portion of *Iconomia* and *Politica*, and he divides it into *commutative* and *nummulary* branches according as it treats of the transformation of money into necessities, or regards it as the medium of exchange and productive of interest. Celso Mancini, bishop of Alessano, published, in 1596, a book, *De juribus principatuum*, in which he deals with riches, distinguishes natural from artificial wealth, gives due weight to the reasons that make in favour

ad una sola moneta. The word "Alitinonfo" signifies "true light," being formed from the Greek ἀληθινὸν φῶς.

¹ Giuseppe Pecchio, *Storia della Economia Pubblica in Italia*, Turin, 1852, p. 49.

of political society, and investigates various questions connected with taxes, military science, and the qualifications of princes.

It is proper to mention Paolo Paruta, whose work, *Della perfettione della vita politica libri tre*, bears on several economic problems. Born in Venice of a family originally from Lucca, Paruta filled several public offices, in particular that of procurator of St. Mark, the highest dignity, next the doge's, of the state. He died in 1598. His *Della perfettione della vita politica* belongs to 1579; his *Discorsi* appeared twenty years later. Paruta is especially remarkable as a writer on politics. Being both original and profound, he merited the conspicuous honour of a place not far from Machiavelli in the ranks of the great Italian publicists.

Giovanni Botero, whose name has already been given, was the author of important writings, among which appear the treatises, *Della ragion di stato libri dieci*; *Delle cause della grandezza delle città libri tre*, a study; and the *Relationi universali*. The first of these was published in 1589, and a part of the last was printed in 1592. The author discusses various questions of policy in regard to trade and administration. With rare logic he expounds his political view,

the whole system of state policy being for him the knowledge of the proper means for founding, preserving, and increasing the domination of the prince. In regard to political economy he advocated measures for the protection of native industry, and for the exclusion of foreign commodities, and even desired to check the export of raw material when it was a question of articles manufactured in the same country.

To Giovanni Antonio Palazzo was due the *Discorso del governo e della ragion vera di stato*, written in 1604, and published in 1606, in which he laid down and advocated the legitimacy and usefulness of a compact between the people and their prince, according to which the latter was under obligation to employ all his powers in behalf of the state, while the people engaged to defend the country and to labour for its prosperity.

It would be an oversight if Tommaso Campanella were not again referred to. In his *City of the Sun* the illustrious Dominican deals with economic questions, and his work may be viewed as the ideal picture of the theocratic republic he had wished to establish when, in 1599, he put himself at the head of a conspiracy planned for wresting Calabria from Spanish rule. His

ideas, however, are especially developed in his treatise on the *Spanish Monarchy*, composed in the early years of the seventeenth century. Pointing to the decadence of Spain, he demands the setting up of public workshops, the foundation of factories, and the establishment at important points of the globe of schools of navigation. He criticises the unjust incidence of taxation, and recommends the imposition of light taxes for objects of prime necessity, and of heavy charges on luxuries: *Vectigal exigatur pro necessariis rebus parvum, pro superfluis largius*.

Antonio Serra wrote an extremely important treatise entitled *Breve trattato delle cause che possono far abbondare li regni d' oro e d' argento dove non son miniere, con applicazione al regno di Napoli*. Respecting the author there is little known, save that he was born at Cosenza, and the story goes that he took part in the conspiracy set on foot by Campanella. One fact seems certain: that he passed a part of his days in prison, and that the composition and publication of his book belong to the period of his captivity. The title of the work has induced some misconception. This "account of the causes that can make gold or silver plentiful in kingdoms"

should not be regarded merely as a study of currency problems, its bearing being far more extensive. Serra sought for what might remedy the evils under which the kingdom of Naples was sinking; and, carrying his inquiry beyond the limits of his native state, he examined into the causes of the greatness of Genoa, Florence, and Venice.

In explaining the causes of the wealth of a state, Serra describes natural and accidental causes, and subdivides the latter into local and general causes. In his view natural causes are simple, and reducible to the existence in kingdoms of gold and silver mines. The accidental local causes are the fertility of the soil, and the situation of the country relatively to other countries. The general accidental causes are the number of the workmen, the capacities of the inhabitants, and the maritime trade, which is assisted both by the situation of the country and by the industry of its inhabitants. Outside these he puts even a cause still more efficacious, and asserts that "political institutions are the basis of national prosperity."

On the characteristic feature of Antonio Serra's theories—his vigorously asserted preference of industry to agriculture, for the reason

that its results are more certain and more considerable, more easily disposed of and more easily preserved—emphasis has already been laid. “In all this,” one writer has said, “comes out the idea that labour is the source of wealth.”¹

A few other writers are equally deserving of mention. Giovanni Donato Turbolo produced several short works on the Neapolitan currency. Of these, Galiani denied that they were important in economic history, and said that their author approached the subject rather as a master of the mint than as a philosophic legislator. Scipione Chiaromonte, a mathematician and astronomer, broached a theory on wealth in his *Della ragione di stato*. Ludovico Zuccolo published in 1615 *I dialoghi*, and, some years later, *Considerationi politiche e morali sopra cento oracoli d' illustri personaggi*. It is in his *Dialoghi* that he describes *Evandria*, an imaginary state where the royal dignity is elective—where an active and intelligent population strives to be self-sufficing, and only as an exception admits commercial intercourse with the foreigner. Finally, late in the seventeenth century Geminiano Montanari published his *Della moneta trattato mercantile*.

¹ C. Supino, work cited, p. 222.

France can point to great names in the literary and dogmatic history of economic science. It is unnecessary to dwell on that curious document, *Le débat des hérauts d'armes de France et d'Angleterre*, written after 1453, but before 1461, wherein the heralds of the two countries plead before Lady Prudence, and undertake in turn to demonstrate the reasons of the superiority of their respective countries. It is enough to refer to Jean Bodin, Antoine Montchrétien, and Émeric Crucé.

Bodin, an illustrious theorist on politics, has done some service to political economy. He helped more than any other to throw light on the economic revolution that was at work in his day. In his *Réponse aux paradoxes du seigneur de Malestroit touchant l'enchérissement de toutes choses et le moyen d'y remédier*, and in his *Discours sur le rehaussement et diminution des monnoies tant d'or que d'argent et le moyen d'y remédier*, he unfolded some of the causes of the advance of prices. These were, in his view, the plentifulness of gold and silver, monopolies, and the combinations of merchants, workmen, and journeymen, who "met together to settle the prices of commodities, or to raise the rate of wages per day or per piece." Dearth, he

thought, was occasioned by excessive export trade, by the hindrances in the way of the transport of necessaries into the kingdom, and by the wasteful consumption of things that should be husbanded. Additional causes were the costly tastes of princes and great personages, by which the prices of articles were raised ; and further, the depreciation of money. As causes of the abundance of gold and silver, he referred in the first place to the discovery of the precious metals in the New World ; then to the growing activity in trade and industry, the transactions of which required more money than the agriculture to which until then France had been almost exclusively devoted ; lastly, to the remarkable expansion in financial operations. The situation, in fact, seemed serious ; for, if the abundance and consequent lowering of the price of precious metals induced an increase of mercantile intercourse, they led to " an excessively high price for every thing "—to employ the very phraseology of the royal edicts.

In the *Six livres de la république*, Bodin expounds some interesting theories concerning the advantages and necessity of commerce. He emphasises the danger of monopolies and combinations, which were common at this period in

nearly every country. He tries to show clearly the benefits of equalising public burdens, and mentions as one form of equalisation the principle of proportional taxation. He likewise sets forth the importance of establishing colonies. He may perhaps be censured for displaying too keen a partiality for the royal power; or it may be that he was too full of the desire to harmonise everything, and considered that the end and aim of political science was to seek for the well-ordered republic.¹ One fact, nevertheless, ought to be stated: he had the honour of exercising an immense influence upon political thought and upon economic and financial theories, and for a long time he inspired the leading spirits in Italy, Germany, and England.

Four names are at least deserving of mention: Froumenteau, Pierre Grégoire of Toulouse, Barthélemy and Isaac Laffemas.

"N. Froumenteau" is the pseudonym under which a Protestant publicist, very probably Nicolas Barnaud du Crest, published in 1581 *Le Secret des finances de France decouvert*

¹ H. Baudrillart. *J. Bodin et son temps. Tableau des théories politiques et des idées économiques au seizième siècle.* E. Fournol, Bodin, précurseur de Montesquieu. *Étude sur quelques théories politiques de la "République" et de l' "Esprit des lois."*

et départi en trois livres et maintenant publié, pour ouvrir les moyens légitimes et nécessaires de payer les dettes du roy, descharger ses sujets des subsides imposez depuis trente ans et recouvrer tous les deniers prins à Sa Majesté.

It is a spirited piece of writing. Its bent is by no means scientific, for the exaggeration of known facts is apparent; but the author knew how to handle statistics.¹ Pierre Grégoire, called the *Tholosan*, "a systematic and organizing intellect,"² wrote a treatise, *De republica*, chiefly based on Aristotelian ideas.² Barthélemy Laffemas, *sieur* of Bautort, valet to the king, and comptroller general of trade, published some notable memorials, in which he tried to instil into Henry IV. some of his ideas concerning the benefits resulting from manufactures, and to counteract the influence of the Duke de Sully, who much feared that manufactures would be hurtful to agriculture. Isaac Laffemas, *sieur* of Humont, advocate, dedicated to the king in 1606 his *Histoire du commerce de France*, in which he endeavoured to develop some of the ideas originated by his father.

Antoine Montchrétien was the author of

¹ A. Espinas, *Histoire des doctrines économiques*, p. 166.

² A. Rivier, *Introduction historique au droit romain*, p. 592.

Traicté de l'æconomie politique. Born about 1576, he perished in 1621, at the time of a Protestant revolt in which he took part. His book was published in 1615, under the title at first of *Traicté économique du trafic*—at least, so it was named in the royal licence. The character of the work is well described by Funck-Brentano, who points out the profound difference between the concrete and vigorous way in which Antoine Montchrétien grapples with economic phenomena, and the definitions, abstractions, and theories resorted to nowadays. "Instead of giving the definition of value and of capital," says Funck-Brentano, "instead of treating of money, exchange, and the law of supply and demand, and dividing his book into chapters corresponding in number to these artificial divisions, he begins by the study of the various kinds of manufactures in their order and utility, and of their regulations and the men they employ; he then passes to the trade which is carried on as much without as within the realm, examining the advantages and difficulties; he studies the contracts, their form and application, and finally considers what we call 'colonies,' and what he calls 'navigation,' so as to conclude with the chief cares

incumbent on sovereigns in the conduct of public affairs.”¹

It is thus shown that to Montchrétien political economy was both an art and a science; an art for the governing classes, a science for those who were interested exclusively in the theory. In his concept of it, labour is regarded as the chief source of a people's wealth; he preaches competition, desires the division of labour, opposes luxury and commends trade, “merchandise” (to use his own word), “which joins and unites in amity the peoples parted by wide tracts of land or long sea passages.” One sentence expresses his ideas exactly. “Want is the source of commerce, and necessity its law.” In his eyes “the kingdom which can supply its own needs is always the richer, the stronger, and the more formidable.” He further appeals to contemporary events, and quotes in support of his doctrines the policy of Henry IV., and the treaties concluded by that king with Great Britain and Spain.

To find the exact position due to Montchrétien's views among all the theories and systems, we

¹ Th. Funck-Brentano, *L'économie politique patronale. Traité de l'économie politique dédié en 1615 au roy et à la reine mère du roy par Antoine de Montchrétien*, Introduction, p. xxii.

must consider the kind of economy which was accepted in his time. This is described by Funck-Brentano as being political economy as it was understood by Henry IV. and Sully, Richelieu and Colbert, and as it was conceived by the school of patronal policy, *École politique patronale*.¹

Maximilien de Béthune, Baron de Rosny, afterwards Duke de Sully, must be added to the list. He wrote the *Mémoires des sages et royales oeconomies d'estat, domestiques, politiques et militaires de Henry le Grand*; wherein are to be found many things bearing on economic questions. He was also the author of an interesting essay on the income and expenditure of French finances, entitled *Traité du revenu et dépense des finances de France*.² It is interesting to note that some of Sully's ideas were borrowed from Xenophon, whose *Oeconomicus* was much studied in the sixteenth century.³

In 1623 Émeric Crucé published *Le nouveau*

¹ Th. Funck-Brentano, *L'économie politique patronale. Traité de l'économie politique dédié en 1615 au roy et à la reine mère du roy par Antoyne de Montchretien*, Introduction, p. xxxi.

² C. J. Mayer, *Recueil des États-Généraux et autres assemblées nationales*, vol. xxvii. pp. 185 et seq.

³ A. Espinas, work quoted, p. 128.

Cynée, in which, as has been already said, he showed himself the unflinching opponent of war, the zealous apostle of peace, and the enthusiastic advocate of free-trade.

Towards the close of the seventeenth century some books were written in England which play a very important part in the history of economic theories. Sir William Petty, Sir Josiah Child, Sir Dudley North, and Nicholas Barbon put forward just views. Petty desired a peace policy, and assigned to the central power the duty of developing the resources of the country. He used statistics to prove and illustrate his ideas, evolving what he called "political arithmetic."¹ Child, North, and Barbon upheld free-trade against prohibition, and opposed to their utmost the realisation of the Whig programme, for to the Whig party the policy of prohibition was the strong arm destined to abase the France of Louis XIV., which was threatening both England and the Protestant religion. But these writers are outside the period under consideration. We must go back to Sir Thomas More and his *Utopia*, and call attention to the *Discourse of the common weal of this realm of England*, published in 1581, but in reality dating from 1549,

¹ A. Espinas, work cited, p. 169.

the author of which was, according to some, John Hales, according to others, Sir Thomas Smith.¹ Certain publicists who wrote at the close of the sixteenth and the beginning of the seventeenth century must also be remembered—among them Sir Walter Raleigh, Thomas Milles, John Wheeler, Gerard Malynes, Edward Misselden, and Thomas Mun. Some of these were mixed up in political and financial affairs, and their writings are therefore interesting because they touch upon the complex problems arising out of mercantile theory and the functions of the great trading companies. To realise further how much these questions were the subject of studies, dissertations, and pamphlets, it is enough to consider that in the last century Joseph Massie compiled a catalogue of fifteen hundred treatises for the bibliography of economics dating from 1557 to 1763.²

Glancing at Germany, the formation of various groups in the innermost circle of Reform may be perceived: by the side of moderate men, preaching a return to evangelical ideas, but ready to accept concessions and compromises,

¹ See *English Historical Review*, April 1891.

² Massie, Catalogue of tracts in the Lansdowne MSS. in the British Museum, No. 1049.

there sprang up writers of radical and revolutionary tendencies.¹

In the field of economic science some names enforce attention: Georg Agricola; Joachim Camerarius, a professor at Leipzig; Melchior Ossa, an official in the service of the Electors of Saxony; Hippolytus a Collibus, professor at Bâle and Heidelberg; Eberhard von Weyde, professor at Wittenberg; Henning Arnisæus; Georg Obrecht, the great "instructor" of Strasburg, and lastly, Christoph Besold, who occupied successively chairs in the universities of Tübingen and Ingolstadt.² Perhaps to these names should be added that of Neumayer von Ramsla.

Antoine Montchrétien passed a splendid encomium on the United Provinces. "Never has a state," he exclaims, "done so much in so short a time; never have principles so feeble and obscure made such great, evident, and rapid progress. It was three hundred years before Rome expanded beyond her own territory, and

¹ H. Wiskemann, *Darstellung der in Deutschland zur Zeit der Reformation herrschenden nationalökonomischen Ansichten*, Introduction, p. 3.

² W. Roscher, *Geschichte der National-Oekonomie in Deutschland*, pp. 29 et seq.

within five-and-twenty Holland has made her name and her arms known as far as China; all lands are open to her by sea." These words, written in 1615, were in no wise exaggerated, and since then the United Provinces might serve as a model to all countries. This great result is mainly owing to free-trade, the fundamental maxim of Dutch politics. And it must be said that theory has had but little to criticise or correct in the practice of it. Some writers have observed that in the Netherlands the schools have not had much influence over actual life, nor have they produced exponents of political economy of any importance.¹ There are, however, some names worthy of mention. Hugo Grotius investigated several questions bordering on the province of economics; Dirk Graswinckel pronounced in favour of free-trade; Marcus Zuerius Boxhorn made a study of politics and some special points of the science of finance; Peter de la Court wrote the *Interest van Holland*, an important work, which is an earnest

¹ E. Laspeyres, *Geschichte der volkwirtschaftlichen Anschauungen der Niederländer und ihrer Litteratur zur Zeit der Republik*, p. 2. O. van Rees, *Geschiedenis der staatshuishoudkunde in Nederland tot het einde der XVIII^{de} eeuw*, vol. i. p. 281.

plea in favour of free-labour and free-trade, but is based rather on actual experience than on science, properly so-called.

In the Spanish bibliography of the sixteenth and seventeenth centuries but few important works on political economy are to be found. Some points concerning the production and distribution of material wealth are dealt with by jurists and theologians. From the legal standpoint, this subject is also frequently discussed in works devoted to the precepts touching law and justice, *de jure et justitia*, precepts which covered by degrees all private law and spread over the whole province of commutative justice. Other questions form the subject of some special books.¹

Our references must necessarily be brief. Perhaps it is well to cite here a work dedicated to Alfonso, King of Aragon and Sicily, by Pedro Belluga, "citizen of Valencia and His Majesty's vassal." The title is *Speculum principum ac justitiae*; and the book treats, among other matters, of redemption of debt, the treasury, usury, and tithes. The first edition of Ferdinand Vasquez Menchaca's book, *De successionum creatione*,

¹ Manuel Colmeiro, *Biblioteca de los economistas españoles de los siglos XVI. XVII. y XVIII.* pp. 39 et seq.

progressu affectuque et resolutione, appeared in 1559. It contains an interesting passage in which the author vigorously contests the laws prohibiting the exportation of gold, and shows how harmful they were to the true interest of the state. Tomas de Mercado published in 1569 the *Tratos y contratos de mercaderes*, which contains notes on the famous fairs of Burgos and Medina del Campo. We have already mentioned Juan de Mariana. In the seventeenth century several sturdy partisans of protection for Spanish industries made their appearance. Among them was Sancho de Moncada, professor at Toledo, and author of the *Restauración política de España*, a collection of eight discourses addressed to Philip III. in 1619. So, too, was Geronimo de Zevallas, author of *Arte real para el buen gobierno de los reyes, principes y sus vasallos*, which boldly denounces abuses of all kinds, excessive taxation, the inordinate number of ecclesiastics, the entailed estates, the faulty administration of justice.

Alberto Struzzi, by birth an Italian, but a Spanish subject, wrote in 1624 the *Diálogo sobre el comercio estos reinos de Castilla*, in which he defends free-trade and proves it to be equivalent to an intention of nature. He emphasises

the dangers of prohibition, and in view of the increasing activity of contraband trade the inefficacy of the measures by which it was supposed to be enforced. On the other hand, Francisco Martinez de Mata, discussing the means for remedying the depopulation and poverty of his country, commends industry, but declares that its safety lay in measures hostile to foreign labour. Finally, Diego José Dolmer once more took up the brief for the liberal theories, already supported by Struzzi, and published in 1684 his *Discursos historicos politicos* at the time of the meeting of the Cortes of the kingdom of Aragon.

All things considered, at the beginning of the modern epoch the protectionist doctrines were accepted by the great majority of the economists. The system which prevailed in practice was that which was described early in the fifteenth century by Giovanni Ser Cambi in the work addressed to the Guinigi of Lucca. This was "mercantilism," which assumed in different countries different forms, but in principle was everywhere the same. Reverting to the idea that in the intercourse between nations what was profitable to one was harmful to the other, it justified all measures which procured an immediate advantage and

seemed to guarantee the preponderance of the state over foreign nations. The statements of results obtained by comparing the exports and imports formed "the balance of trade"; according to them, resolutions were taken which were intended to confirm the triumph still further or to obviate the danger of defeat.

According to the prevailing theories, there was, in fact, war between the various states within the sphere of economics. The idea of equilibrium had been admitted into the political life of Europe, but in economic life one maxim only was received with favour, which was, cost what it might, it was necessary to crush one's neighbour. Mercantilism has been defined as the supreme expression of the profit system. It would be easy to prove that it allowed recourse to every means, provided that in the end material superiority was assured. But what were the real results? Commercial warfare took the place of dynastic and religious wars. Europe was not the only theatre of hostilities; in the New World and in farthest Asia also was fought the great fight for economic supremacy. In these distant struggles the system chosen by governments was the Chartered Company of colonisation—a most exclusive monopoly. But when required the military forces

of the states joined in the fray, and bloody conflicts impeded the whole work of civilisation.

It may be truly said that hostilities never ceased. When peace was concluded new weapons were forged to surpass the adversary in his trades and manufactures. Even in Europe the economic history of the various countries resolves itself into an uninterrupted series of custom-house measures and fiscal imposts intended to ruin the foreigner for the benefit of the subjects of the state. Details may vary, but the spirit remains unchanged. For example, England pursued relentlessly the annihilation of the prosperity of the United Provinces; France had a similar object in view; consequently England passed the Navigation Acts of 1651 and 1660, and France the edicts of 1659, and the great trade of the Dutch was terribly damaged—thenceforth they were no longer the “agents” and “carriers” of the seas. The customs and fiscal contests were no less injurious in their effects than military warfare. Who can calculate the harm done to England and to France by the pernicious theories put forward by English mercantilists at every treaty, every convention, concerning the commerce of both countries—theories which in 1678 brought

about the absolute prohibition of the importation of French goods into England?

The lessons of the past are both eloquent and convincing. The idea of solidarity cannot be forgotten or violated with impunity in the intercourse of one nation with another any more than the rights of liberty can be ignored in the government of states. The glance which has just been cast upon the economic development of the civilised world during one of its most important periods confirms, so far as material prosperity is concerned, the teachings of history on the subject of the moral and intellectual wealth of mankind. In the work done by man throughout the centuries the co-operation of all should be unceasing; and, in order that this may bring forth fruit, there must be neither repression nor tyranny.



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